

Employer update 2011

*making
super easy*



From the Chairman & CEO

Left: Michael O'Sullivan, Chairman
Right: Julie Lander, Chief Executive Officer

We are pleased to report strong investment performance across all CareSuper investment options for 2010/11.

The Balanced option (the default option) produced a return of 10.2% for the financial year ended 30 June 2011. This is a strong result against the median Balanced fund return of 8.7%* in a year where economic concerns dominated Australian and overseas markets. As always we emphasise that with super it's more important to focus on long-term performance, so our members can feel confident that the Balanced option has recorded an average return of 6.6% p.a. over the past 10-year period. This result significantly outperformed inflation over the decade by 3.6% and positions the Balanced option as number two in a survey of the 50 largest super funds for that time.*

CareSuper has again been recognised with top awards from a number of independent ratings agencies. Money magazine awarded CareSuper the Best Accumulation Fund Manager in the Best of the Best awards for 2011 and we also received accolades from SuperRatings for Super of the Year and SelectingSuper's Fund of the Year. You can see more of our awards on page 3 opposite.

This year Giaan Rooney joined CareSuper as a member and ambassador. Giaan recognises the importance of preparing for the future, and taking control of your super is an integral part of that. She hopes to share this knowledge with other young super members.

We have also seen some exciting enhancements to our product offering for members. As of April 2011 we negotiated even more competitive insurance for our members, resulting in reduced weekly rates for income protection cover. This significant benefit will

encourage more members to consider whether they would be financially secure if they were unable to work due to an accident or illness.

We will soon be offering a new investment option. From December 2011 the Direct Investment option will allow members to invest their super in their choice of companies included in the S&P/ASX 300 Index. With a wide range of features to help members manage their shares, they will be able to enjoy investing their super directly into the Australian share market. For more information visit caresuper.com.au/dioption.

Since the end of the financial year, CareSuper and ASSET Super have announced a proposed merger of the two funds. The aim of a merger is to maximise benefits of greater scale to deliver favourable outcomes for members and long-term sustainability of the Fund. Over the next few months, Directors and staff of both funds will work together to determine how members' interests can best be served through a merged entity. Appropriate due diligence will be required before the proposed merger can take place and we will keep you informed of the outcome.

As always we welcome your questions and feedback – please see our contact details on the back cover.

Michael O'Sullivan Julie Lander

* SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, June 2011.

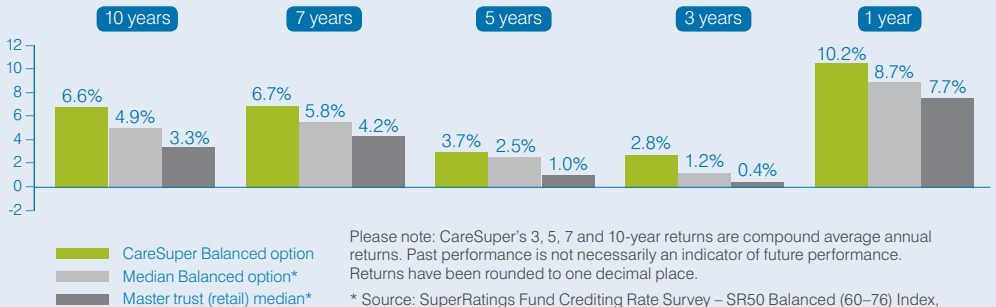
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Our performance at a glance

Top returns from an award-winning fund

Compare CareSuper's Balanced option with the median Balanced option and the master trust (retail) median over a range of timeframes.



Please note: CareSuper's 3, 5, 7 and 10-year returns are compound average annual returns. Past performance is not necessarily an indicator of future performance. Returns have been rounded to one decimal place.

* Source: SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, June 2011. This survey includes Balanced options for industry funds and master trusts.

Facts and figures

For 2010/11 CareSuper:

- Welcomed over 21,000 new members and 8000 new employers
- Reached \$4.6 billion in funds under management
- Conducted more than 2400 workplace visits and 150 super seminars, with over 2440 attendees
- Answered over 109,000 calls from members and employers.

Top ratings by the experts

The CareSuper industry fund has been awarded the highest ratings by independent organisations.

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



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

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top ratings for peace of mind



The bottom line

Market summary and outlook

A number of the global economic themes that affected financial markets in the 2009/10 financial year, including the European sovereign debt crisis, the funding of the US deficit and doubt surrounding economic growth in China, continued into 2010/11.

Adding to these concerns were events such as the political upheaval in the Middle East and North Africa, natural disasters, political uncertainty in Australia and a record-breaking Australian dollar that acted as a brake on the local share market and reduced returns on foreign investments.

Such events produced negative returns across global share markets in the June 2011 quarter. Furthermore, the increasing uncertainty around government debt levels, particularly in Europe, and the inability of countries such as Greece, Spain, Portugal and Italy to balance their budgets has exacerbated this negative sentiment and resulted in further declines to global share markets and positive returns to select fixed interest investments and cash for the financial year to date.

CareSuper's response to these market conditions

With international concerns remaining unresolved, volatility in markets may continue. Members invested in options

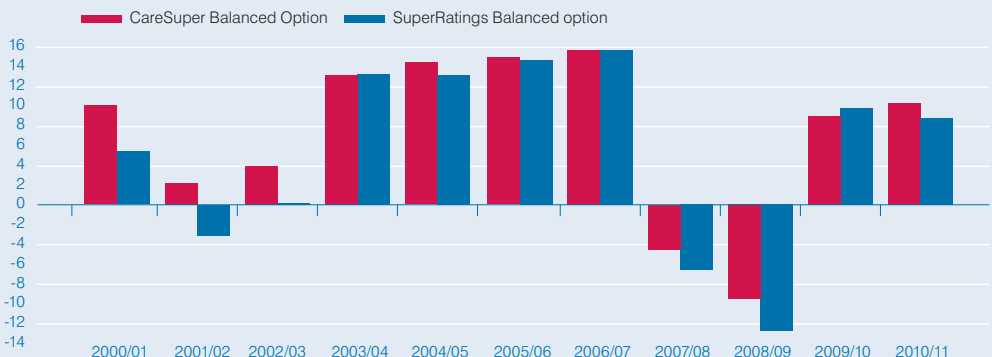
that are exposed to Australian and overseas shares are likely to experience volatility in their account balances over the short term. However we encourage members to maintain a long-term view to investing, and if necessary seek financial advice to ensure their investment strategy meets their objectives.

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. It is anticipated such companies will provide protection in weak financial markets, outperform when economic growth is slow and keep up with market performance should the economy surprise on the upside.

CareSuper recently undertook our annual strategic allocation review, which takes into account both market conditions and our investment objectives. This review resulted in slight changes to the asset allocations of our Managed options consistent with CareSuper's key objectives of protecting capital on the downside and achieving a return above inflation over a rolling 5-year period. For more information on the asset allocations for each investment option, refer to the Investments section of our website at caresuper.com.au.

How does CareSuper compare?

Compare the annual returns of the CareSuper Balanced option over the last decade against the returns of the SuperRatings median Balanced option. CareSuper is ranked number two for the Balanced option returns over the 10-year period to 30 June 2011.

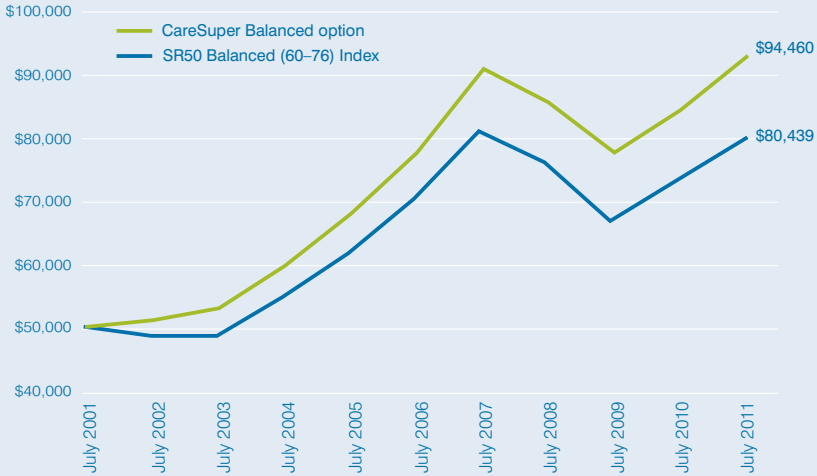


Past Performance is not necessarily an indication of future performance.

Source: SuperRatings Fund Crediting Rate Surveys 2001-2011 – SR50 Balanced (60-76) Index.

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 2001, compared to that of the median Balanced fund (SuperRating's SR50 60–76 Balanced Survey). Ten years later, the CareSuper account is over \$14,000 better off.



Please note: Balance net of investment fees and taxes. Assumes starting account balance of \$50,000 at 1 July 2001, with no additional contributions. Crediting rates are applied at the end of each financial year.

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

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

Investment options	Annual returns					Compound average annual returns			
	2010/11 (%)	2009/10 (%)	2008/09 (%)	2007/08 (%)	2006/07 (%)	10 years (%)	7 years (%)	5 years (%)	3 years (%)
Managed options									
Capital Guaranteed	3.3	2.7	4.0	6.6	7.0	4.9	4.9	4.7	3.3
Capital Stable	7.7	9.1	-2.2	-0.7	9.1	5.9	6.1	4.5	4.7
Conservative Balanced	8.5	9.3	-4.3	-3.0	10.8	–	–	4.1	4.3
Balanced	10.2	8.9	-9.5	-4.5	15.7	6.6	6.7	3.7	2.8
Sustainable Balanced	9.1	9.3	-10.1	-7.2	12.6	–	5.6	2.3	2.4
Alternative Growth	10.9	9.6	-7.9	-5.4	14.0	–	–	3.9	3.8
Growth	10.1	10.2	-10.2	-9.3	16.3	5.7	6.6	2.8	2.9
Asset Class options									
Capital Secure	4.9	4.0	3.1	4.4	5.6	–	4.5	4.4	4.0
Fixed Interest	7.0	11.0	4.4	5.3	3.2	–	6.1	6.1	7.4
Direct Property	8.6	4.3	-11.8	8.9	12.6	–	6.8	4.1	0.0
Australian Shares	11.6	11.7	-14.2	-14.0	26.8	8.2	8.7	3.1	2.3
Overseas Shares	8.1	9.5	-8.8	-16.3	9.0	0.6	2.8	-0.3	2.6

Where a 7 or 10-year average is not reported, it's because the option has existed for less than 7 or 10 years. 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 in your annual statement. Past performance is not indicative of future performance. Returns have been rounded to one decimal place.

CareSuper EmployerOnline

now delivering you more flexibility and convenience

In August 2011, we released an upgraded version of EmployerOnline. With a range of new and enhanced features, CareSuper has now made it even easier to manage and pay your super contributions online.

Some of the new features now available in EmployerOnline include:

- **Greater visibility of your past transactions** with a detailed transaction history and an enhanced search function to make it easier to review your payment history
- **The ability to export data** into a range of different formats, which gives you the power to analyse your super contribution data outside the EmployerOnline environment
- **A streamlined and intuitive layout** to simplify the contributions process
- **Wider functionality**, including the ability to edit your employees' details and change their work status
- **A range of new reports** to help you manage your super
- **Fewer steps** when making super contributions, so you can spend less time looking after admin-related matters and focus on running your business.



To make sure you're getting the most out of EmployerOnline's new features, contact your Client Partnership Manager or call the CareSuperLine on 1300 360 149.



If you're not already using EmployerOnline...register today!

Cut down on your admin headaches and register for EmployerOnline – you'll soon discover how our secure online service can benefit you and your staff.

Registering for EmployerOnline is quick and easy – simply follow the step by step process and you'll be done in less than 10 minutes. Just make sure you have your CareSuper employer number handy.

To register

- Visit caresuper.com.au
- Click the 'Employers' link at the top of the screen then select 'Employer Register'.





Giaan Rooney

Joins CareSuper as an ambassador

Earlier this year, CareSuper appointed Giaan Rooney – former Olympic swimmer and current Channel 9 TV personality – as CareSuper's brand ambassador. Giaan's primary role as ambassador in our **why should you care** campaign is to get young people to care about their super.

According to Giaan, 'financial wellbeing has always been important to me. I've been contributing to super since I was 15, and while I've got a long way to go, it's a good start. And since working closely with CareSuper and seeing all the awards they've won, I'm really glad I'm a member too.'

'Giaan is a perfect fit for CareSuper's **why should you care** campaign because she really believes that young people should do more to take care of their financial future – and that super is a crucial part of that,' said CareSuper CEO, Julie Lander. 'With her sporting achievements Giaan understands the importance of starting early and working towards a long-term goal – which is what super is all about.'

CareSuper's **why should you care** campaign has been advertised on television, online media and outdoor sites mainly in the Sydney, Melbourne and Brisbane metropolitan areas.

“financial well-being has always been important to me”

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Have you seen what Giaan has to say about super? Take a look at whysouldyoucare.com.au and find out!



“We really value the ethos of industry super funds”

A super partnership

A strong relationship with CareSuper allows Griffith Hack to offer a tailored super solution to their staff.

Griffith Hack is one of Australia's most prominent full service intellectual property (IP) firms comprising patent and trade marks attorneys, IP lawyers, information services, research and development, tax and IP portfolio management consultants. Employing over 250 staff nationally, Griffith Hack has provided a full range of comprehensive IP services to many of the world's leading companies for more than a century.

When it came to selecting a fund to manage their staff's super, choosing an industry super fund was important for the firm. 'We really value the ethos of industry super funds' says David Madigan, Griffith Hack's Chief Financial Officer, explaining that 'since CareSuper is run only to benefit members, that means our staff should be better off in the long run.'

Insurance was another key factor in Griffith Hack's decision to choose CareSuper as their default fund, with David revealing that 'we wanted a super fund that could provide tailored insurance solutions, along with competitive rates. CareSuper was able to attract a good deal for the members, as opposed to our staff going out and getting those benefits as individuals.'

A strong relationship

CareSuper has been Griffith Hack's default super fund for six years. In that time, CareSuper Client Partnership Manager (CPM) Wayne Gates has provided super-related support to several Griffith Hack staff.

'It's invaluable for us to have a single point of call when it comes to super' says David. Having frequent contact with Wayne has allowed Griffith Hack to explore a range of options for their staff, ranging from setting up a corporate insurance arrangement, to holding regular super seminars held in Griffith Hack offices.



Griffith Hack's CFO, David Madigan (left) with Wayne Gates, CareSuper's Client Partnership Manager.

'When it came to setting up our corporate insurance arrangement, Wayne was able to help us understand our position in the market, and come and deliver options to us' reveals David. Griffith Hack's corporate insurance arrangement was put in place in 2008, with the firm choosing to offer additional units of death and total & permanent disablement cover to their staff above the default level of cover that CareSuper provides.

Griffith Hack have also been proactive when it comes to organising super seminars in their workplaces, which Wayne runs on CareSuper's behalf. David is grateful for Wayne's dedication to reach as many staff as possible, even conducting video conferences and using the support of CareSuper's NSW and QLD CPMs to reach staff who work in Sydney, Brisbane and Perth.

Convenience and simplicity – paying contributions online

Another way CareSuper helps Griffith Hack manage their super is with EmployerOnline, which the firm uses to pay their staff's contributions. David appreciates the time his staff save by paying contributions online, acknowledging that 'the online system saves a lot of duplication of effort.'

Griffith Hack's payroll team enjoys the flexibility of the different payment options, choosing to pay contributions by direct credit. 'We like that we have the control of setting the amount and the payment that way' confirms David.



Contact your CPM

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

What you need to know

2011 budget announcements affecting super

In May 2011, the Government announced the following proposals, some of which have not yet been passed by Parliament.

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

Use of tax file numbers in super

From 1 July 2011 super fund trustees and retirement savings account providers will be able to use members' tax file numbers (TFNs) as a tool to link contributions and rollovers with member accounts and to locate member accounts. From 2012 it is proposed that TFNs may also be used to help consolidate super accounts in the same fund, or across funds.

Flood levy

Super funds are required to withhold flood levy amounts from the taxable component of some super lump sum withdrawals, if the total value is

over \$50,000, and pension payments if the payee is not exempt from the levy. The flood levy applies to the 2011/12 financial year only. For more information go to treasury.gov.au/floodrebuild.

Co-contribution rate to stay at 100%

The government will maintain the:

- Super co-contribution matching rate at 100%
- Maximum super co-contribution payable at \$1000.

The income thresholds for 2011/12 and 2012/13 will also remain at \$31,920 for the lower and \$61,920 for the higher income thresholds.

➔ The following proposed changes have not yet been and may not be passed by Parliament:

Contributions on payslips

In the 2011/12 budget the government announced that employees will receive information about their super payments on their payslips. Employers and employees will also be notified each quarter if their regular super payments cease. If this measure becomes law, it will be introduced from 1 July 2012.

Changes to the super guarantee

The government has proposed that the super guarantee (SG) will gradually increase from 9% to 12% from 2013 to 2019. In addition, it is intended that the SG age limit will be raised from 70 to 75 in 2013.

Government contributions for low-income earners

The government has proposed a new super contribution tax rebate of up to \$500 per year for

low income earners from 2012/13. The rebate will apply to concessional contributions (employer contributions) made by or for individuals who earn up to \$37,000.

Changes to contributions caps

Refund of excess concessional contributions

It is proposed that individuals who exceed the concessional contributions cap by \$10,000 or less may be able to request that the excess contributions be withdrawn from their super account and refunded to them. This would be allowed on a one-off basis only.

Increasing the concessional contributions cap

From 1 July 2012 the government may maintain the concessional contribution caps of \$50,000 for those individuals aged 50 and over with super balances less than \$500,000.



Want to find out how CareSuper compares to other super funds?

You can now find out how we measure up to other super funds by using the RateMySuper tool on the CareSuper website.

RateMySuper allows you to compare us to over 200 other super funds. It's quick and easy to use, and best of all, it's free!

What is RateMySuper and what does it do?

RateMySuper compares different features of CareSuper's products and services against the products and services offered

by other super funds. The results are displayed side-by-side so you can compare features directly, and you can also email the results to yourself or download them as a PDF.

Get started now!

Visit caresuper.com.au/RateMySuper



RateMySuper can show you how we compare to other super funds, so you can make sure you've chosen the right super fund for your employees.

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



Mark Patman

NSW & ACT

Tel (02) 8227 5000

Fax (02) 9232 6376

Email mpatman@caresuper.com.au



John Affleck

NSW

Tel (02) 8227 5000

Fax (02) 9232 6376

Email jaffleck@caresuper.com.au



Justine Young

NSW

Tel (02) 8227 5000

Fax (02) 9232 6376

Email jyoung@caresuper.com.au



Darren Hawthorne

VIC & WA

Tel (03) 8623 0700

Fax (03) 9629 7421

Email dhawthorne@caresuper.com.au



Wayne Gates

VIC & TAS

Tel (03) 8623 0700

Fax (03) 9629 7421

Email wgates@caresuper.com.au



Michelle Mihalic

VIC & SA

Tel (03) 8623 0700

Fax (03) 9629 7421

Email mmihalic@caresuper.com.au



Rob Wilson

QLD & NT

Tel (07) 3831 1267

Fax (07) 3831 1269

Email rwilson@caresuper.com.au

call: 1300 360 149

visit: caresuper.com.au

email: admin@caresuper.com.au

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