

# Annual Report 2007



## Your super – where is it heading?

- Get free phone advice from CARE Super's in-house financial planners
- Take advantage of the new tax-effective CARE Super Pension
- Super earnings – Balanced option returns 15.7% in 2006/07





# Contents

- 1 From the CEO and Chairman**  
21 years old and still taking care of members
- 2 CARE Super's coming of age**  
CARE Super has proven its credentials
- 3 Super education**  
Not as boring as it sounds!
- 4 Is the window of opportunity closing on you?**  
How CARE Super's new IFFP financial planners can help
- 5 When it's time for your super to start paying you**  
The new CARE Super Pension and Transition to Retirement Pension
- 6 A home loan from the bank you own**  
Members Equity Bank
- 7 Women and super**  
Why it's a special challenge for women to build super balances
- 8 Member essentials**  
The things you need to think about now to make your super work for you
- 10 Taking care of your investment**  
CARE Super's investment experts comment on an exceptional year
- 11 Another year of super returns**  
Your CARE Super investments achieve consistently strong results
- 12 Investment overview**  
About your options in detail
- 15 Taking care of CARE Super**  
CARE Super's Board represents you
- 16 Financials**  
Financial position and operating statement
- 17 A simple, low fee structure**  
Fees and other deductions in detail
- 18 Super facts & figures**  
A reference list of super 'have-to-know's'

## Disclaimer

This Annual Report is issued by the Trustee of CARE Super, CARE Super Pty Ltd ABN 91 006 670 060, the holder of Australian Financial Services Licence 235226.

The information contained in this Annual Report is about CARE Super and is not intended as financial advice. It does not take into account specific needs, so members should look at their own personal position, objectives and requirements before taking any action. Past performance is not necessarily an indicator of future performance.

This 2007 Annual Report to Members is a regulated document that summarises the fund's performance over the past year. The Trust Deed is the legal document governing your superannuation benefit.

Other information about CARE Super: a copy of the Trust Deed, Investment Policy Statement, the Fund's audited accounts and auditor's report, are available upon request. You should also obtain and read the Product Disclosure Statement before making any investment decision. If you would like to see these documents, please call the CARE SuperLine on **1300 360 149**.

RSE L0000956 RSE R1004120



## CARE Super in brief

### At 30 June 2007:

- Total fund assets of \$3,578,588,849, a more than 30% increase from \$2,739,470,217 at the same time last year
- Total Personal Plan assets were \$242,881,988, up from \$70,010,565 at the same time last year
- Personal Plan membership was 33% higher than at 30 June 2006

### During the 2006/07 financial year:

- Personal Plan members rolled \$21,297,452 into the fund from other funds
- Personal contributions by Personal Plan members totalled \$110,845,231

# From the CEO and Chairman



**Julie Lander** Chief Executive Officer



**Michael O'Sullivan** Chairman

## 21 years old and still caring for you!

Another year of strong investment returns has seen substantial growth for your super accounts. The Balanced option, in which most members are invested, has returned 15.7% for the year to 30 June 2007, as listed equity markets continued to surge on the back of strong local and global economies and all asset classes provided positive returns.

As CARE Super celebrates 21 years in the super industry this year, it is timely to reflect on its history of strong growth and serving members' interests. As an industry fund, CARE Super was established solely to care for the retirement savings of its members – maximising returns through prudent investment strategies, keeping costs low and returning all profits to members, complemented by valuable extra benefits such as flexible insurance cover and access to banking and home loan facilities, health cover and financial planning advice.

Over the past 21 years, CARE Super has grown to have over 220,000 members with over \$3.5 billion of retirement savings. And with the recently launched CARE Super Pension, which provides an income stream for those transitioning to or in retirement, CARE Super is now your fund for life!

Importantly, CARE Super's long-term returns have continued to demonstrate the fund's sound investment strategy, with an average return in the Balanced option over the past 5 years of 12.3% p.a. and 10.5% p.a. over the past 10 years, well above the returns of the average balanced manager of 11% and 8.6%, respectively. Both results rank among the best of all managers surveyed. CARE Super's Balanced option has never suffered a negative annual return in any financial year since its inception – compared with the two negative annual returns declared by the average Manager or Option in the last 10 years.\*

Over the last couple of months we have seen market volatility and it is comforting to reflect on CARE Super's performance and observe that even when times have been tough, the fund's investment philosophy has produced consistent long-term results for its members.\*\*

One of the most important enhancements we have made to your benefit package is the ability to access financial planning advice through IFFP planners in CARE Super offices, and free limited advice over the phone. See page 4 for more information on how you can benefit from this valuable additional service.

With these features and benefits, as well as easy to use web-based access and award winning communications, CARE Super has certainly come of age. We hope you will take full advantage of our services to enable you to achieve a financially secure future. Please take a few minutes to review the checklist on page 8 to make sure you're doing everything you can.

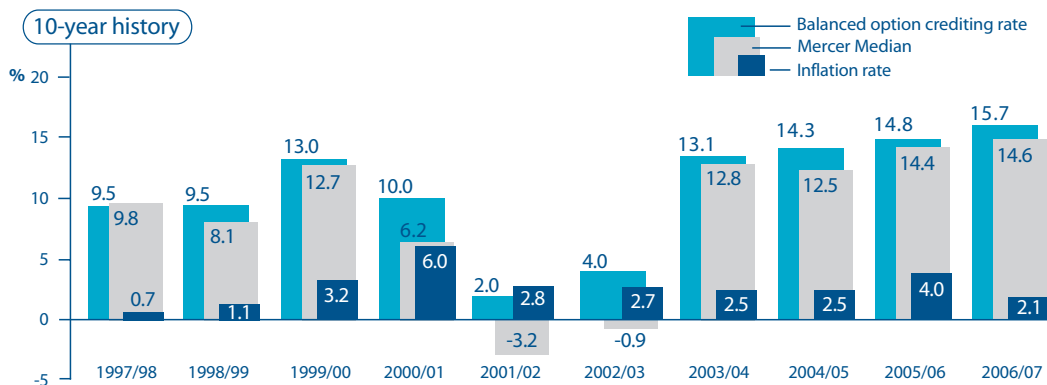
Take care!

**Julie Lander**  
Chief Executive Officer

**Michael O'Sullivan**  
Chairman

\* Please note: past performance is not necessarily an indicator of future performance.  
\*\* Mercer Pooled Fund Survey of Balanced Funds, 30 June 2007.

## CARE Super's Balanced option achieves 15.7% return in 2006/07 and a 10.5% p.a. average over 10 years\*



Note: 12 funds only were surveyed in 1997/98. CARE Super is not among the funds surveyed by Mercer.  
Source: Mercer Investment Consulting, Multi-sector Balanced Growth Surveys, www.rba.gov.au

\* Please note: past performance is not necessarily an indicator of future performance.

# CARE Super's coming of age



## At 21, CARE Super has proven its credentials

Back in 1986, the world was watching *Ferris Bueller's Day Off* or listening to 'Addicted to Love' by Robert Palmer. CARE Super, meanwhile, was just in its infancy. While the Chernobyl and Challenger disasters drew the world's attention, the first members entrusted their superannuation to the fledgling fund that had been set up to serve the interests of administrative employees in any industry.

Now at 21, CARE Super has grown to a sophisticated fund. Offering super solutions for all adults, whether working or not, plus industry leading insurance scales and a range of extra benefits, CARE Super is a fund that ranks at the top level in the industry.

### A wide range of investment options

From one investment option at inception, CARE Super now offers seven managed and five asset class investment options. In 2006 the ASX option was introduced, enabling you to invest up to half your super in your choice of Australian shares listed in the S&P/ASX 200 Index.

This suite of options means you can build an investment portfolio to suit your risk/return profile. Pages 10–14 have more detail on investment options.

### Consistently strong investment performance\*

Our investment strategy is mature enough to take advantage of the good times, while being prepared for the inevitable periods of lower returns. As one of the few funds that has consistently delivered a positive return for the Balanced option, CARE Super can be trusted with your super investment.

CARE Super General Manager Investments, Greg Nolan, explains our investment strategy on page 10.

### In-house IFFP financial planners

It's important for members to receive advice from qualified advisers who will not receive a commission from any products they recommend. CARE Super members can now contact advisers in our Melbourne, Sydney and Brisbane offices, with advice relating to your CARE Super account available for free over the phone. See page 4 for more detail.

### The CARE Super Pension

With the introduction in July 2007 of the CARE Super Pension, members can now stay with the fund they know and trust – not only when they change jobs, but also when making a transition to retirement or leaving the workforce altogether. See page 5 for more detail.

### Insurance that's hard to beat

In 2006, CARE Super used its membership size to negotiate industry-leading insurance scales – an automatic benefit of membership.

We recommend you review the adequacy of your insurance cover at least every 5 years or when your circumstances change. You can always apply for extra cover through CARE Super, taking advantage of our group rates.

For more information, see our Insurance Guide, available from [caresuper.com.au](http://caresuper.com.au) or **1300 360 149**.

### Empowering members through education

As each year goes by, CARE Super finds more ways to help members know more about their super. See opposite for all the ways members can access the information they need to make the right super decisions.

### Extra benefits for members

Everyone needs banking and health insurance, so why not use the providers who give you a discount simply for being a CARE Super member? See [caresuper.com.au](http://caresuper.com.au) for more details.

\* Please note: past performance is not necessarily an indicator of future performance.

## Now the industry's number one fund

Looking at what we offer to members, it's easy to see why The Heron Partnership ranked CARE Super as the number 1 fund of the 78 superannuation funds in their 2007 survey. Other independent ratings agencies – SelectingSuper, SuperRatings and Chant West – also recognised CARE Super with their top awards.



## ➤ Super education



### Not as boring as it sounds!

The last thing most people want to do is spend time learning about superannuation. But everyone wants to have enough to be able to enjoy retirement – and understanding more about super will help you achieve this. It can be less daunting and more interesting than you might expect!

Knowing how difficult it can be to gain the knowledge you need, CARE Super has put together a range of ways members can find out more about their super.

#### e-seminars

Simply visit the education section of [caresuper.com.au](http://caresuper.com.au), click on the link and sit back with a coffee for 5 minutes while an animated presentation takes you through some basics of super – from understanding investment categories to how you can compare super funds. It couldn't be easier.

#### caresuper.com.au

The CARE Super website is full of interesting information – without overloading you with detail. For example, if you want to know if you're eligible for up to \$1500 from the government's co-contribution scheme, simply look under 'Growing your super' in the education section.

#### Online calculators

Want to know how much tax salary sacrifice will save you? Or how much super you need for the retirement income you want (and how to get there)? Or how much insurance

you need and what it will cost? The CARE Super calculators in the education section of [caresuper.com.au](http://caresuper.com.au) let you play around with the figures – changing variables such as your salary or how much extra you will contribute – so you know what you have to do to get the result you want.

#### e-newsletters

These are a great way to gain up-to-date information in an easy-to-digest way. You can read as much or as little about each topic as you like – clicking through the links to find out more about the topics most relevant to you. Register at [caresuper.com.au](http://caresuper.com.au)

#### Member newsletters

*Intouch* is distributed with your mid-year statement in March. Along with the Annual Report, it is designed to keep all members up to date with what is happening with your super fund – from latest legislative changes, to new products and services.

#### Special mailings

Some messages are really only relevant to a group of members, so we don't waste

your money sending the information to everyone. For example, if you're 25 you probably don't want us to send you a brochure about the CARE Super Pension. However, there is some information that we think is important and can't wait for the next newsletter. If you'd rather not receive it by mail, subscribe to the e-newsletters (via [caresuper.com.au](http://caresuper.com.au)) and call **1300 360 149** to be taken off the mailing list.

#### Fact sheets

Over the next year, we will be creating a range of single-sided A4 sheets, each covering the most basic information you need to know about a topic. These will be available for download from a new 'resources' section of [caresuper.com.au](http://caresuper.com.au).

If there is something you would like to know about or you would like to give us any feedback about the information we provide, we always love to hear from you.

Contact us on **1300 360 149** or [admin@caresuper.com.au](mailto:admin@caresuper.com.au) or via the feedback form on [caresuper.com.au](http://caresuper.com.au).

## Member seminars

For those who want to hear directly from the experts and have the opportunity to ask questions, public seminars are ideal. In 2006/07, CARE Super held seminars in Melbourne, Sydney, Brisbane and the Gold Coast, with hundreds of members and employers attending. The seminars covered topics relevant to the ever-changing super environment:

- Greg Nolan, CARE Super's General Manager, Investments, gave an investment update
- Speakers from PricewaterhouseCoopers spoke on the government's Better Super changes
- Speakers from UBS spoke on investing in Australian equities
- CARE Super CEO Julie Lander and Client Partnership Managers gave updates on changes at CARE Super.

➤ Email us at [admin@caresuper.com.au](mailto:admin@caresuper.com.au) to register your interest in attending the next seminar in your area. If you would like a seminar in your workplace, speak with your employer.



# Is the window of opportunity closing on you?



Renae Anderson, a qualified IFFP financial planner, gives some tips on taking advantage of super windows before they close. CARE Super members can visit Renae in the Melbourne CARE Super office.



With new superannuation rules limiting the amount you can put into super every year, it is a good idea to understand what windows of opportunity you have before they close.

## 1. Compounding interest – a window that's open when you're young

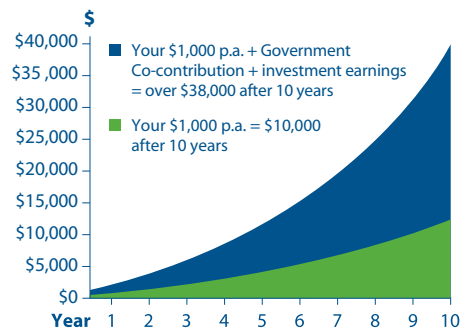
If you are young, you have time on your side and can utilise the benefits of compounding interest. Put simply, this is where your money earns interest on interest. The more time you have, the more effective the strategy – and it can be amazing the difference it makes.

## 2. A 5-year window of opportunity if you are over 50

You have a concessional contribution cap of \$100,000 pa, but only for 5 financial years. After 30 June 2012 you rejoin the rest of us (currently limited to \$50,000 pa). Concessional contributions include salary sacrifice, SG and deductible contributions for the self-employed. Are you making the most of this opportunity?

## 3. And my favourite window?

The one that can give you a 150% return – the government co-contribution! If your assessable income is under \$58,980 and you make personal contributions to your super, you could be receiving an added bonus from the government. An income under \$28,980 would see you receiving \$1.50 for each dollar you contribute (to a maximum of \$1500). The graph below shows what a difference a yearly \$1000 contribution can make.



Note: an assumed earnings rate of 8% has been used. However, investment earnings are subject to volatility and this rate may not be achieved.

Who knows how much longer the government will offer this? So why not make a personal contribution today? See [caresuper.com.au](http://caresuper.com.au) for more details.

“ It’s your money – invest it the way you want ”

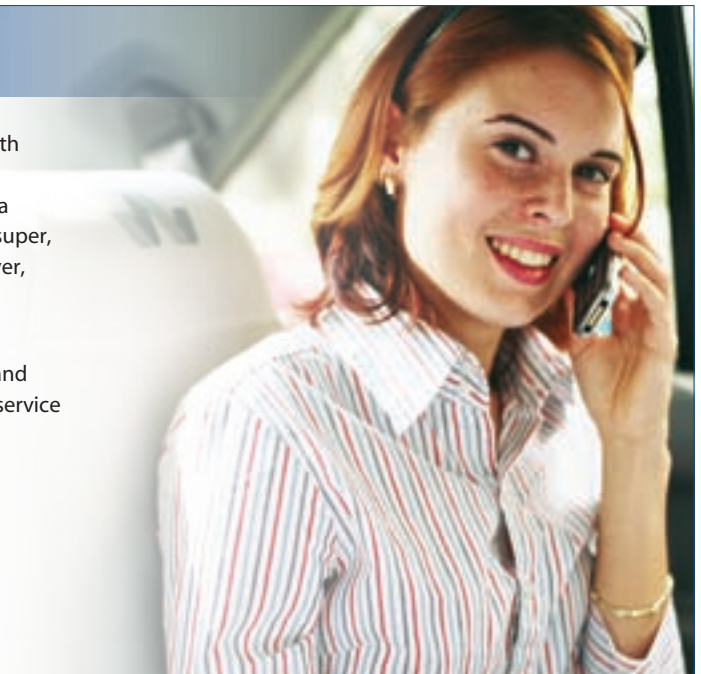
## Who can you turn to for advice?

From 1 July this year, CARE Super has established new arrangements with Industry Fund Financial Planning (IFFP) to provide improved financial planning services. As a free benefit of membership, you can speak with a qualified financial planner over the phone to obtain advice about your super, including investment choice, whether you have sufficient insurance cover, contribution strategies and how to consolidate your super accounts.


More complex advice is also available by arranging a meeting with a dedicated financial planner based at CARE Super’s Melbourne, Sydney and Brisbane offices and with IFFP planners in other states. Charges for this service can be deducted from your super account if the advice relates to super.



To access this service, simply call the CARE SuperLine on **1300 360 149**.



# When it's time for your super to start paying you

 The new CARE Super Pension and Transition to Retirement Pension mean you can stay with the fund you know and trust while drawing an income from your super.

## What is transition to retirement?

People who have reached their preservation age (55 for those born before 1 July 1960) can access their superannuation in the form of pension payments. In doing so they can take advantage of the tax benefits of superannuation pensions (0% tax on earnings and concessional income payments, including tax-free payments for those over 60), while topping up their income.

## What is salary sacrifice?

Salary sacrifice is using pre-tax dollars (gross salary) to make contributions to superannuation. The tax saving on the contribution is the equivalent of your marginal rate of tax less 15% superannuation contributions tax. For someone on a marginal tax rate of 31.5% (including Medicare) who salary sacrifices \$10,000 a year, this equals a tax saving of \$1,650. Salary sacrifice also

reduces assessable income, which can increase eligibility for the government co-contribution scheme.

## How can transition to retirement and salary sacrifice work together?

For eligible members, it is possible to take advantage of the tax savings from both transition to retirement and salary sacrifice, without affecting your take-home pay. The income you salary sacrifice into superannuation can be supplemented by your transition to retirement pension payments, while the tax savings boost your superannuation savings. The example at left illustrates how much you can save.

	Any age	Age 55–59	Age 60+
	Salary sacrifice only	Super pension plus salary sacrifice	
<b>1. Income and tax outcomes</b>			
Gross salary	\$60,000	\$60,000	\$60,000
<b>Minus</b> salary sacrifice amount of	\$13,000	\$30,000	\$30,000
<b>Equals</b> gross salary	\$47,000	\$30,000	\$30,000
<b>Plus</b> super pension payment of	\$0	*\$13,800	#\$11,000
<b>Equals</b> taxable income	\$47,000	\$43,800	\$30,000
<b>Minus</b> tax and Medicare Levy amount of	\$8,835	\$3,559	\$2,800
<b>Add</b> super pension tax offset of 15%	\$0	\$2,070	\$0
<b>Equals</b> total after-tax income	\$38,165	\$38,171	\$38,200
<b>2. Superannuation outcomes</b>			
Salary sacrifice contributions	\$13,000	\$30,000	\$30,000
<b>Minus</b> 15% super contributions tax	\$1,950	\$4,500	\$4,500
<b>Equals</b> net super contribution	\$11,050	\$25,500	\$25,500
<b>Minus</b> the amount drawn from super pension	\$0	\$13,800	\$11,000
<b>Equals</b> net increase in super contributions	\$11,050	\$11,700	\$14,500

\*The scenario assumes the super pension is comprised of 100% taxable funds. Any tax-free component would reduce the tax payable.

†Super pension payments for those over 60 are tax-free and non-assessable.

This example does not take into account the potential tax savings resulting from moving super from 'accumulation' to the 'pension' phase where earnings are not taxed. Assuming a superannuation tax rate of 10% (this is an average figure, a fund can be taxed up to 15%), an annual return of 8% and a balance of \$200,000, this equates to an annual saving of \$1,600.


## The new CARE Super Pension – now we can take care of you for life

The new CARE Super Pension offers you the benefits of being a CARE Super member after you have retired or when you start your transition to retirement.

It complies with the new government super rules, so income and earnings will be tax-free after 60. Minimum percentages must be withdrawn each year depending on your age, but no maximum will apply – except for the transition to retirement pension, which will have maximum drawdown limits of 10% of your opening account balance each year. Transition to retirement pensions are subject to concessional levels of tax.

You can choose the amount and frequency of payment into your nominated bank account, and withdraw lump sums (above \$1000) at any time. You can also choose a spouse or dependant ('reversionary beneficiary') to receive the pension after you die.



 For more information on the CARE Super Pension, download or order a Product Disclosure Statement from [caresuper.com.au](http://caresuper.com.au) or call the CARE SuperLine **1300 360 149**.

## A home loan from the bank you own



Aileen Kong knows where it's at. The thirty-something-sales rep from Prahran, Melbourne, works for Sensis' whereis.com, the website for finding street directions and road maps. When she wanted to locate the right home loan and credit card she went straight to Members Equity Bank (ME).



**MembersEquity Bank**  
The Super Funds Bank

Aileen was so impressed with the experience, she later went back to ME for her second home loan. 'I first heard about ME through CARE Super, who sent me some information about ME. I was in the market for a home loan so I decided to compare rates and fees,' she said.

'The rates were really competitive. I compared the variable interest rate and the fees with the other major banks and ME provided a better product,' Aileen said. 'And I got a discount on the interest simply for being a CARE Super member.'

Talk to ME about your home loan.  
Call 13 15 63 or visit  
[www.membersequitybank.com](http://www.membersequitybank.com)

CARE Super invests in Members Equity; however, it does not receive any commissions for promoting Members Equity products or when a CARE Super member uses a Members Equity product.

## CARE Super's eligible rollover fund

If your super account balance falls **below \$1200** then you may:

- Roll over benefits from other super funds to CARE Super, in order to maintain a balance of more than \$1200
- Make a contribution to your CARE Super Personal Plan account, or
- Roll your benefit out of CARE Super into another fund.

If none of these occurs within 28 days of your account balance becoming less than \$1200, any insurance cover you have will cease, and your super account balance will be transferred to:

**AUSfund**

PO Box 2468  
Kent Town SA 5071

**Phone:** 1300 361 798

**Fax:** 1300 366 233

**International phone:** +61 8 8205 4953

**International fax:** +61 8 8205 4990

**Email:** [admin@ausfund.net.au](mailto:admin@ausfund.net.au)

**Internet:** [www.ausfund.net.au](http://www.ausfund.net.au)

If your account is transferred to AUSfund you will cease to be a member of the CARE Super Personal Plan.

AUSfund has a low fee structure designed to protect members with small balances. AUSfund charges a low \$10 annual administration fee for members and all members' balances are member protected, which means that administration charges will generally not be more than interest charged. Most members will continue to accumulate interest in AUSfund. AUSfund does not offer insurance cover.

We encourage you to obtain a Member Information Guide (PDS) from AUSfund.

# Women and super



## Why is it a particular challenge for women to build their super balances?

Two-thirds of CARE Super's members are women, so we understand the special issues women face when trying to accumulate a reasonable superannuation balance. CARE Super CEO Julie Lander recently spoke on 'Women and super' at the 19th Women, Management and Employment Relations Conference, held at Macquarie University, Sydney. The following content formed part of her presentation.<sup>1</sup>

On average, women's super account balances are worth half as much as men's – \$23,900 for women versus \$56,000 for men. And retirement payouts are even more unbalanced: \$110,000 for the average man, but only \$37,000 for women. This situation makes women much less able to be self-sufficient in retirement.

### Why are women's balances so low?

- Women spend an average of 17 years in the workforce, compared to men's 39 years – largely due to years spent caring for children.
- Women often work part-time or in lower-paid, more flexible positions in order to meet the demands of running the household – therefore their employer contributions are lower and they are less likely to make additional contributions.
- Many women did not have super accounts until the Superannuation Guarantee legislation came into force in 1993.

### How much do women need in retirement?

- This depends on the age you want to retire – if your partner is older, you may wish to stop work before your preservation age.
- It also depends on the lifestyle you want to enjoy after retirement – it makes sense that a better lifestyle requires more savings, which might mean some sacrifices during working life.
- If you are single, you will need a higher balance – and with a third of marriages ending in divorce, you need to plan to be self-sufficient!

“Make sure your super lasts longer than you do!”

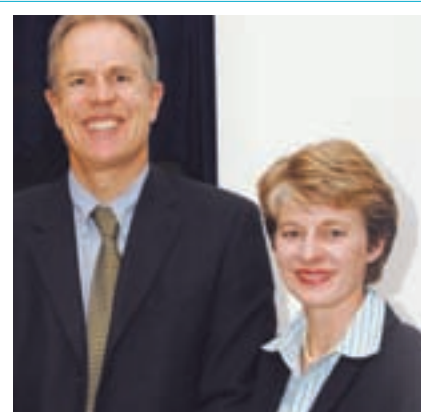
- Women live longer than men on average (82 years versus 77 years). It is now not unusual to live well into your nineties – so your super needs to last a long time.

### What else is complicating the situation for women?

- In some partnerships, the husband may have taken care of financial matters. This makes it all the harder for women to know whether they have enough to live comfortably in retirement – especially if they are widowed or divorced.

### What can women do about it?

- Be prepared – it's important for women to take control of their own financial futures.
- Learn as much as you can about how to prepare yourself financially for your future.
- Use a super calculator or talk to a financial adviser to work out whether your super is on track to provide you with the lifestyle you want in retirement – make sure it will last longer than you will!
- If it's not on track, make additional contributions as early as possible – the magic of compound interest will make small early additions really pay off later.



Julie Lander, CEO of CARE Super (right), with session chairman Associate Professor Peter McGraw, Director, Labour-Management Studies Foundation (LMSF), Macquarie University.

- Roll all your funds together to save fees.
- Check your insurance cover and that of your partner.
- Consider switching your investments to match your circumstances and risk profile.

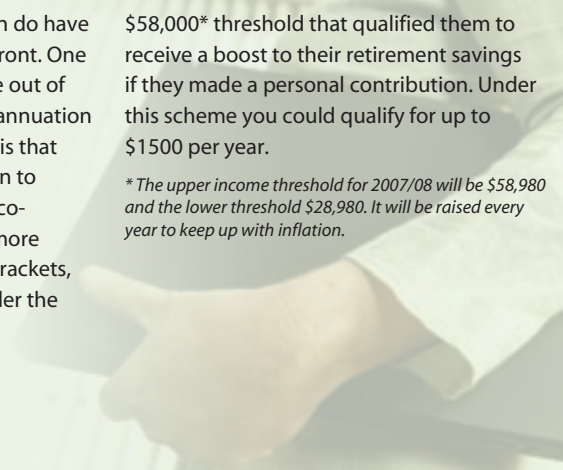
1. Statistics were sourced from: Association of Superannuation Funds of Australia, 'Are retirement savings on track?' June 2007; and Australian Bureau of Statistics (2002), 'Table 47: Life expectancy at birth (years) by sex, states and territories, 1881 onwards'.

## What's good about being a woman?

Apart from living longer, women do have some good news on the super front. One of the positive statistics to come out of the recent Association of Superannuation Funds of Australia (ASFA) study is that women are more likely than men to benefit from the government's co-contribution scheme. Because more women fall into lower income brackets, they were more likely to fall under the

\$58,000\* threshold that qualified them to receive a boost to their retirement savings if they made a personal contribution. Under this scheme you could qualify for up to \$1500 per year.

\*The upper income threshold for 2007/08 will be \$58,980 and the lower threshold \$28,980. It will be raised every year to keep up with inflation.



## Member essentials



### How to keep your super on track

Are you making the most of your CARE Super membership?

#### Have you registered for MemberOnline?

There is a world of information about your super account on MemberOnline, such as your:

- current balance
- contribution history
- investment choices and share holdings
- beneficiaries
- personal information
- insurance cover.

You can even change your personal details and investment choices while you're there.

All you need to do to access this information is call the CARE SuperLine on 1300 360 149 to register – it doesn't take a minute.

#### Do you make additional contributions?

It's easy to spend \$20 each week on little things you don't remember buying. Why not put that amount into your super? It's never too early or too late to start. And it's not just 'putting money aside' – your money will be working for you, earning interest, and then interest on that interest, so it could end up making all the difference to how much you enjoy your retirement.

It's not hard to organise the contributions. They can be by:

- BPAY – just call the CARE SuperLine for your reference number
- Salary sacrifice (if offered by your employer) – which saves you tax at the same time
- Additional contributions via your employer from your after-tax pay – download the form from [caresuper.com.au](http://caresuper.com.au) or call the CARE SuperLine
- Direct debit – download the form from [caresuper.com.au](http://caresuper.com.au) or call the CARE SuperLine
- Send us a cheque – be sure to include your personal details and member number.

During 2006/07, nearly 70,000 CARE Super members made additional contributions to their super, knowing that one day they'll be very glad they did.

#### Have you rolled all your super into one account?

Most Australians have more than one super account – with fees and premiums eating away at their balances.

Many have even lost track of where all their super money is – so they won't get everything they deserve when they retire.

Are you one of those people receiving too much mail from your super fund and having trouble letting them all know each time you change address?

Don't let this happen to you – just a few minutes completing the CARE Super transfer form will help you save time, save fees and save trees!

“ Why not transfer your tax cut or pay rise into super? ”



## Have you registered your tax file number (TFN)?

Check your statement – do we have your TFN? If we don't:

- your employer contributions and some super payments will be taxed at the highest marginal rate plus Medicare levy (currently 46.5%)
- you won't be able to make personal contributions to your super account
- you could find it more difficult to track down your super if it becomes lost.

To tell us your TFN, simply complete the form available from [caresuper.com.au](http://caresuper.com.au) or the CARE SuperLine. Or include it on the form when you roll your other super into CARE Super.

## Have you visited the CARE Super website?

The CARE Super website – [caresuper.com.au](http://caresuper.com.au) – is visited by over 6000 unique visitors each week.

Are you one of them? If not, you're missing out on information that could really help you make super decisions.

The website is the first place super information is posted – such as weekly interim crediting rates, new publications, news stories about super and the fund and much more. The education pages have a wealth of easy-to-digest information about super and how you can make the most of yours. Check out the e-seminars – after 5 minutes you'll understand some of the basic concepts of super.

## Have you considered making a switch?

If you would like to choose an investment option with more or less potential for return or risk, why not consider making a switch?

Thousands of CARE Super members have chosen to put some or all of their super into investment options other than the Balanced option. They may have decided they wanted an option with a higher or lower risk/return profile, or whose investment time horizon was longer or shorter. Or they may have wanted to buy shares in a particular company with some of their super. Different options also suit different economic situations – or different times in life.

You can choose one or a combination of options to suit your objectives – see the Member Guide or Investment Guide for more information.

It's easy to switch via MemberOnline or the switch form – available from [caresuper.com.au](http://caresuper.com.au) or the CARE SuperLine.

## Have you ensured you have enough insurance?

You probably insure your car and your house, because you know that if you have an accident, a fire or theft, you will need financial help. But what if you are in the accident? Or suffer an illness? What if you are unable to work because of it? How will you manage financially if you no longer have an income? And how would your family manage if you suddenly died?

No one likes to think about it, but these are all real possibilities.

CARE Super members are fortunate to have available some of the best value insurance cover in the industry. How much cover do you have? Check your statement – is your cover enough to get by on if something happened to you?

If not, it's easy to apply for increased cover – simply complete the form at the back of the CARE Super Insurance Guide, available from [caresuper.com.au](http://caresuper.com.au) or the CARE SuperLine.

## Are you an email subscriber?

Email is a great way to receive information in a way that is quick, inexpensive and environmentally friendly. The news is up-to-date and it's easy to click through for more information if you're interested. Over 45,000 CARE Super members subscribe and receive brief messages or seminar invitations every couple of months. Simply subscribe via [caresuper.com.au](http://caresuper.com.au) or call the CARE SuperLine.

## Do you know your risk profile?

Everyone is different when it comes to investing money. Some people are willing to get very little return on their money if they can reduce the risk of volatility. Others are willing to take some risks if it increases the likelihood of their money earning more.

Check your own risk profile in the CARE Super Investment Guide – available from [caresuper.com.au](http://caresuper.com.au) or the CARE SuperLine.

## Take CARE Super wherever you go

Most Australians can now choose their super fund.

This means that when you start a new job, you don't have to transfer to your employer's default fund.

It's your money – it's your decision!

Check which fund gives you the best returns, best insurance cover and best fees, and is ranked highest by independent ratings agencies – we're sure you'll decide that CARE Super is the one fund where your super should be – for life.

And it will mean you don't have to complete a whole new application process to join the other fund.

To have your employer direct your ongoing contributions into CARE Super, simply complete a choice form – available from [caresuper.com.au](http://caresuper.com.au) – and hand it to your employer.

# Taking care of your investment



Greg Nolan  
CARE Super's General  
Manager, Investment

## CARE Super produces returns that continue to be strong and stable

Super is a long-term investment. Most will not have access to their superannuation investment for many years. So the appropriate investment philosophy should focus on long-term returns that enable growth while controlling risk. CARE Super has provided this once again in 2006/07 across all Managed and Asset Class options.



“ We do not want to see wealth eroded when investment markets deliver adverse returns ”

Your statement will show how much your investment has grown over the past 12 months. While it has been a very strong year for options with a high level of share market exposure in particular, I would urge you to focus on the 5 and 10 year returns. When your Board sets the investment parameters for the fund, it focuses on asset classes and investment managers it believes will deliver strong, consistent returns over the medium to long term (5 to 10 years). The success of this strategy is illustrated over the past 10 years when the Balanced option delivered 10.5% p.a. without exposing investments to undue volatility. In fact, the strategy has been rewarded with this option not suffering a negative return over any financial year since inception (1986). In addition, the return is 1.9% ahead of the Mercer Survey median Balanced manager over the 10 years to 30 June 2007.

At the heart of this strategy is the goal of capturing the upside in strong equity markets, while reducing downside risk in volatile or poor markets. Over the past four years, during extraordinarily strong equity markets, the CARE Super Balanced option has delivered returns higher than the average of other Balanced funds and options, while maintaining an asset allocation and manager structure

designed to reduce downside risk in volatile or poor markets. This is an important point to remember, as we do not want to see wealth eroded when investment markets deliver negative returns as they do from time to time.

The year also was highlighted by the Board making the decision to sign the United Nations Principles for Responsible Investment (UNPRI), which recognises the importance of considering 'non-financial' factors when investing. This initiative evolved from a growing view among investment professionals that environmental, social and corporate governance issues (ESG) can affect the performance of investment portfolios. CARE Super is proud to be an early signatory of this initiative which now boasts over 200 signatories worldwide, controlling over US\$9 trillion. For CARE Super this initiative is about risk mitigation and ensuring that companies in which we invest are mindful of the risks that ESG factors pose in the operation of their businesses.

While investment markets are volatile by their nature, our aim is to manage risk and deliver to you continuing strong returns without the swings that may be experienced without the defensive approach to investments followed by the Board for the Balanced option.



Steven Carew,  
consultant  
JANA Investment  
Advisers

*JANA was established in 1987 as a specialist investment adviser to large institutional investors such as CARE Super. Its role is to undertake extensive research of investment markets and managers and advise CARE Super's Trustee on a suitable mix of investments and managers for the fund. JANA's investment professionals have extensive experience of the investment markets and it has an impressive track record of assisting investors to outperform market benchmarks.*

The Australian and global share markets benefited from continuing strong economic growth, high employment and positive consumer sentiment over the year. Company profit growth remained robust, allowing share prices to rise to record levels in most markets. For Australia, demand for our mining exports was a major contributor to the high level of economic and employment growth we continue to enjoy. Global growth remained above trend in most countries, particularly in China and other 'emerging' markets.

One of the major themes of the year was the rise in interest rates in many countries, including Australia, which reduced returns from bond investments over the year.

Looking to the future, most economists expect robust economic growth to continue in Australia and the world over the next year. However, by late in the last financial year serious concerns had emerged regarding the state of the US housing market, and US growth is expected to be weaker due to the negative impact on the construction industry and consumer confidence.

It is also important to be mindful that company profit growth is unlikely to continue at the same pace. As a result, it may be difficult for the rate of growth of share prices that has been seen in recent years to be repeated to the same extent.

## Another year of super returns

CARE Super's investment options provide steady growth over the long term

Investment options	Net rates of return						
	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	3-year avg (% p.a.)	5-year avg (% p.a.)
<b>Managed options</b>							
Capital Guaranteed	4.9%	4.0%	4.9%	5.8%	7.0%	5.9%	5.3%
Capital Stable	5.4%	8.5%	11.3%	9.0%	9.1%	9.8%	8.6%
Conservative Balanced	–	–	–	11.3%	10.8%	–	–
Balanced	4.0%	13.1%	14.3%	14.8%	15.7%	14.9%	12.3%
Sustainable Balanced	2.1%#	11.6%	11.9%	16.6%	12.6%	13.7%	–
Alternative Growth	–	–	–	14.3%	14.0%	–	–
Growth	-1.2%	16.2%	15.0%	18.0%	16.3%	16.4%	12.6%
<b>Asset Class options</b>							
Cash	4.4%	4.5%	4.8%	5.0%	5.6%	5.1%	4.9%
Fixed Interest	11.2%	4.0%	9.3%	2.9%	3.2%	5.1%	6.1%
Direct Property	9.1%	10.5%	11.1%	16.2%	12.6%	13.3%	11.9%
Australian Shares	0.8%	21.4%	26.0%	22.3%	26.8%	25.0%	19.0%
Overseas Shares	-12.6%	16.6%	3.8%	18.5%	9.0%	10.3%	6.4%

\* Note: this return is for the period 1 January 2003 to 30 June 2003. Past performance is not necessarily an indicator of future performance.

Note: ASX 200 option results depend on the performance of the specific stocks chosen. See caresuper.com.au for more details.

## Investment managers during 2006/07

CARE Super uses specialist Australian and international investment managers to manage funds in specified asset classes. The Trustee and its investment adviser monitor the performance of each investment manager closely throughout the year against the fund's benchmarks.

### Derivatives

CARE Super does not invest directly in derivatives; however, our investment managers may do so in order to assist with the effective management and protection of CARE Super's assets.

### Australian Shares

Acadian\*  
452 Capital  
GMO Australia  
Goldman Sachs JB Were\*\*  
Renaissance  
UBS\*  
Wallara

### Cash & Capital Guaranteed

AMP

### Fixed Interest

Alliance Capital Management  
Bridgewater  
Members Equity  
Principal  
Vanguard

### Overseas Shares

Acadian\*  
Baillie Gifford  
Bank of Ireland  
Colonial First State  
Credit Suisse-Capital  
International  
Orbis  
T Rowe Price  
Wellington

### Sustainable Australian Shares

AMP

### Sustainable Overseas Shares

Dexia

### Property

Charter Hall  
Deutsche  
ISPT

### Growth Alternatives

AMP  
Hastings  
Holowesko  
IFM  
Macquarie  
Members Equity  
Mesirow  
Wilshire

### Defensive Alternatives

FRM Australia  
Harris Alternatives




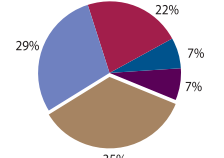
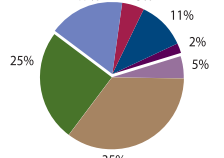
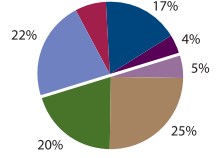
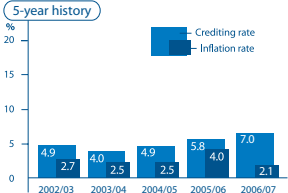
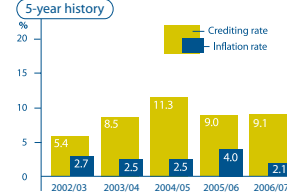
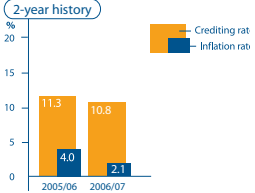
\* Appointed during the year

\*\* Terminated during the year





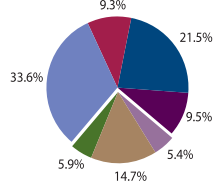
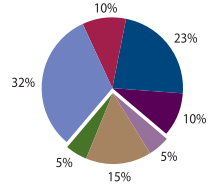
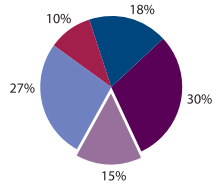
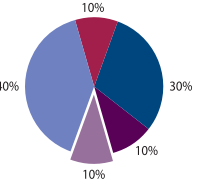
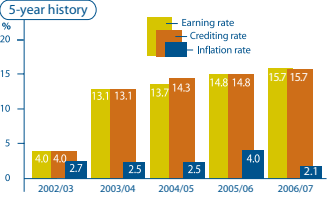
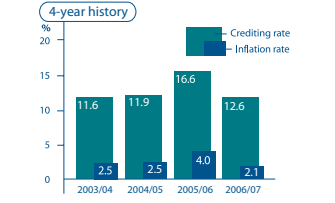
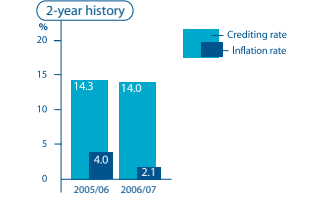
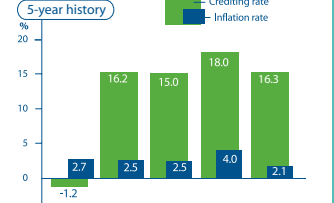
# Investment overview

Invest your super in your choice of CARE Super's investment options...

## Managed options






Managed options	<b>Capital Guaranteed option</b> 	<b>Capital Stable option</b> 	<b>Conservative Balanced option</b> 																																								
	Very low risk	Low risk	Low to moderate risk																																								
<b>Investment objectives</b> The investment objectives are not predictions about the future performance of the options, and nor are the predicted returns guaranteed. They are based on professional advice from CARE Super's asset consultant and are provided in order to give members an indication of the level of returns that the options could produce based on the historical long-term experience of the different asset classes in which the options invest. However, past performance is not necessarily a reliable indicator of future performance and investors should be aware that changing market conditions can cause the value of investments to rise or fall.	<ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate [as measured by the Consumer Price Index (CPI)] by at least 1% per year over rolling 5-year periods</li> <li>Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable capital guaranteed options in other superannuation funds</li> <li>To achieve positive returns after tax and fees in all financial years</li> </ul>	<ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 2% per year over rolling 5-year periods</li> <li>Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable capital stable options in other superannuation funds</li> <li>To achieve positive returns after tax and fees in at least 9 out of 10 financial years</li> </ul>	<ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 2.5% per year over rolling 5-year periods</li> <li>Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable options in other superannuation funds</li> <li>To achieve positive returns after tax and fees in at least 8 out of 10 financial years</li> </ul>																																								
<b>Investment strategy</b>	The Capital Guaranteed option investment strategy is set out in the pie chart below. This chart shows the actual percentage invested in each asset class for the year 1 July 2006 – 30 June 2007.  <b>Who backs the Capital Guaranteed option?</b> The Trustee has appointed AMP Capital Investors Ltd to manage these assets through a Capital Guaranteed contract with AMP Life Limited Statutory No. 1 Fund. AMP Life (not CARE Super) guarantees that your contributions and their accumulated earnings will not be reduced by negative investment returns or any reduction in the value of underlying assets.	<b>Investment strategy</b>  <table border="1"> <thead> <tr> <th>Asset class</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr><td>Australian Shares</td><td>17%</td></tr> <tr><td>Property</td><td>5%</td></tr> <tr><td>Overseas Shares</td><td>11%</td></tr> <tr><td>Growth Alternatives</td><td>2%</td></tr> <tr><td><b>Total growth assets</b></td><td><b>35%</b></td></tr> <tr><td>Defensive Alternatives</td><td>5%</td></tr> <tr><td>Fixed Interest</td><td>35%</td></tr> <tr><td>Cash</td><td>25%</td></tr> <tr><td><b>Total defensive assets</b></td><td><b>65%</b></td></tr> </tbody> </table>	Asset class	Benchmark	Australian Shares	17%	Property	5%	Overseas Shares	11%	Growth Alternatives	2%	<b>Total growth assets</b>	<b>35%</b>	Defensive Alternatives	5%	Fixed Interest	35%	Cash	25%	<b>Total defensive assets</b>	<b>65%</b>	<b>Investment strategy</b>  <table border="1"> <thead> <tr> <th>Asset class</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr><td>Australian Shares</td><td>22%</td></tr> <tr><td>Property</td><td>7%</td></tr> <tr><td>Overseas Shares</td><td>17%</td></tr> <tr><td>Growth Alternatives</td><td>4%</td></tr> <tr><td><b>Total growth assets</b></td><td><b>50%</b></td></tr> <tr><td>Defensive Alternatives</td><td>5%</td></tr> <tr><td>Fixed Interest</td><td>25%</td></tr> <tr><td>Cash</td><td>20%</td></tr> <tr><td><b>Total defensive assets</b></td><td><b>50%</b></td></tr> </tbody> </table>	Asset class	Benchmark	Australian Shares	22%	Property	7%	Overseas Shares	17%	Growth Alternatives	4%	<b>Total growth assets</b>	<b>50%</b>	Defensive Alternatives	5%	Fixed Interest	25%	Cash	20%	<b>Total defensive assets</b>	<b>50%</b>
Asset class	Benchmark																																										
Australian Shares	17%																																										
Property	5%																																										
Overseas Shares	11%																																										
Growth Alternatives	2%																																										
<b>Total growth assets</b>	<b>35%</b>																																										
Defensive Alternatives	5%																																										
Fixed Interest	35%																																										
Cash	25%																																										
<b>Total defensive assets</b>	<b>65%</b>																																										
Asset class	Benchmark																																										
Australian Shares	22%																																										
Property	7%																																										
Overseas Shares	17%																																										
Growth Alternatives	4%																																										
<b>Total growth assets</b>	<b>50%</b>																																										
Defensive Alternatives	5%																																										
Fixed Interest	25%																																										
Cash	20%																																										
<b>Total defensive assets</b>	<b>50%</b>																																										
<b>Asset allocation</b> <ul style="list-style-type: none"> <li>Australian Shares</li> <li>Property</li> <li>Overseas Shares</li> <li>Growth Alternatives</li> <li>Defensive Alternatives</li> <li>Fixed Interest</li> <li>Cash</li> </ul>																																											
<b>Crediting rates, earning rates and inflation</b> <i>Note: past performance is no guarantee of future returns. Returns shown are after tax and asset administration fees.</i>			  <i>As the Conservative Balanced option was introduced on 1 July 2005 only a 2-year history is available.</i>																																								
<b>Crediting rate average</b>	<b>5-year average</b> <b>5.3%</b> p.a. The average crediting rate for the past 5 years to 30 June 2007 is 5.3% p.a.	<b>5-year average</b> <b>8.6%</b> p.a. The average crediting rate for the Capital Stable option for the past 5 years to 30 June 2007 was 8.6% p.a.	<b>2-year average</b> <b>11.0%</b> p.a. The average crediting rate for the 2 years from 1 July 2005 to 30 June 2007 was 11.0% p.a.																																								
<b>Investment tip</b>	Considering the low risk nature of this type of investment, long-term returns, even in a volatile investment climate, may be lower than those received from other types of superannuation investments. You may wish to seek the advice of an independent financial adviser about the relative rates of return of other types of superannuation investments.	Capital Stable generally suits someone seeking long-term capital security. Your investments in this option are not guaranteed. The value of your investment can rise or fall.	The Conservative Balanced option suits members seeking returns above the rate of inflation over the long term, but with a more stable pattern of returns than might be experienced by the Balanced option. Your investments in this option are not guaranteed. The value of your investment can rise or fall.																																								

“ The Balanced option is CARE Super’s default option. Unless you make a choice your money will be invested in this option. ”

<b>Balanced option</b> (default) 	<b>Sustainable Balanced option</b> 	<b>Alternative Growth option</b> 	<b>Growth option</b> 																																																																																		
<p><b>Moderate risk</b></p> <ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 3% per year over rolling 5-year periods</li> <li>Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with those credited by comparable balanced options in other super funds</li> <li>To achieve positive returns after tax and fees in at least 8 out of 10 financial years</li> </ul>	<p><b>Moderate risk</b></p> <ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 3% per year over rolling 5-year periods</li> <li>Within the Australian and Overseas Shares asset classes, to invest in industries and companies that are expected to achieve sound investment returns, maintain good social and/or environmental records and have a sustainable future</li> <li>To achieve positive returns after tax and fees in at least 8 out of 10 financial years</li> </ul>	<p><b>Moderate-high risk</b></p> <ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 4% per year over rolling 5-year periods</li> <li>Over the long term, to produce a less volatile return profile than the Growth option by investing a significant component of the portfolio in alternative investments</li> <li>To achieve positive returns after tax and fees in at least 8 out of 10 financial years</li> </ul>	<p><b>High risk</b></p> <ul style="list-style-type: none"> <li>To achieve returns after-tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 4% per year over rolling 5-year periods</li> <li>Over shorter periods, ensure as far as possible that the amounts credited to members each year are competitive with that credited by comparable growth options in other superannuation funds</li> <li>To achieve positive returns after tax and fees in at least 7 out of 10 financial years</li> </ul>																																																																																		
<p><b>Investment strategy</b></p> <table border="1"> <thead> <tr> <th>Asset class</th> <th>Range</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>25% - 45%</td> <td>32%</td> </tr> <tr> <td>Property</td> <td>0% - 20%</td> <td>10%</td> </tr> <tr> <td>Overseas Shares</td> <td>10% - 35%</td> <td>23%</td> </tr> <tr> <td>Growth Alternatives</td> <td>0% - 40%</td> <td>10%</td> </tr> <tr> <td><b>Total growth assets</b></td> <td></td> <td><b>75%</b></td> </tr> <tr> <td>Defensive Alternatives</td> <td>0% - 15%</td> <td>5%</td> </tr> <tr> <td>Fixed Interest</td> <td>10% - 35%</td> <td>15%</td> </tr> <tr> <td>Cash</td> <td>0% - 15%</td> <td>5%</td> </tr> <tr> <td><b>Total defensive assets</b></td> <td></td> <td><b>25%</b></td> </tr> </tbody> </table>	Asset class	Range	Benchmark	Australian Shares	25% - 45%	32%	Property	0% - 20%	10%	Overseas Shares	10% - 35%	23%	Growth Alternatives	0% - 40%	10%	<b>Total growth assets</b>		<b>75%</b>	Defensive Alternatives	0% - 15%	5%	Fixed Interest	10% - 35%	15%	Cash	0% - 15%	5%	<b>Total defensive assets</b>		<b>25%</b>	<p><b>Investment strategy</b></p> <table border="1"> <thead> <tr> <th>Asset class</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>32%</td> </tr> <tr> <td>Property</td> <td>10%</td> </tr> <tr> <td>Overseas Shares</td> <td>23%</td> </tr> <tr> <td>Growth Alternatives</td> <td>10%</td> </tr> <tr> <td><b>Total growth assets</b></td> <td><b>75%</b></td> </tr> <tr> <td>Defensive Alternatives</td> <td>5%</td> </tr> <tr> <td>Fixed Interest</td> <td>15%</td> </tr> <tr> <td>Cash</td> <td>5%</td> </tr> <tr> <td><b>Total defensive assets</b></td> <td><b>25%</b></td> </tr> </tbody> </table>	Asset class	Benchmark	Australian Shares	32%	Property	10%	Overseas Shares	23%	Growth Alternatives	10%	<b>Total growth assets</b>	<b>75%</b>	Defensive Alternatives	5%	Fixed Interest	15%	Cash	5%	<b>Total defensive assets</b>	<b>25%</b>	<p><b>Investment strategy</b></p> <table border="1"> <thead> <tr> <th>Asset class</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>27%</td> </tr> <tr> <td>Property</td> <td>10%</td> </tr> <tr> <td>Overseas Shares</td> <td>18%</td> </tr> <tr> <td>Growth Alternatives</td> <td>30%</td> </tr> <tr> <td><b>Total growth assets</b></td> <td><b>85%</b></td> </tr> <tr> <td>Defensive Alternatives</td> <td>15%</td> </tr> <tr> <td><b>Total defensive assets</b></td> <td><b>15%</b></td> </tr> </tbody> </table>	Asset class	Benchmark	Australian Shares	27%	Property	10%	Overseas Shares	18%	Growth Alternatives	30%	<b>Total growth assets</b>	<b>85%</b>	Defensive Alternatives	15%	<b>Total defensive assets</b>	<b>15%</b>	<p><b>Investment strategy</b></p> <table border="1"> <thead> <tr> <th>Asset class</th> <th>Benchmark</th> </tr> </thead> <tbody> <tr> <td>Australian Shares</td> <td>40%</td> </tr> <tr> <td>Property</td> <td>10%</td> </tr> <tr> <td>Overseas Shares</td> <td>30%</td> </tr> <tr> <td>Growth Alternatives</td> <td>10%</td> </tr> <tr> <td><b>Total growth assets</b></td> <td><b>90%</b></td> </tr> <tr> <td>Defensive Alternatives</td> <td>10%</td> </tr> <tr> <td><b>Total defensive assets</b></td> <td><b>10%</b></td> </tr> </tbody> </table>	Asset class	Benchmark	Australian Shares	40%	Property	10%	Overseas Shares	30%	Growth Alternatives	10%	<b>Total growth assets</b>	<b>90%</b>	Defensive Alternatives	10%	<b>Total defensive assets</b>	<b>10%</b>
Asset class	Range	Benchmark																																																																																			
Australian Shares	25% - 45%	32%																																																																																			
Property	0% - 20%	10%																																																																																			
Overseas Shares	10% - 35%	23%																																																																																			
Growth Alternatives	0% - 40%	10%																																																																																			
<b>Total growth assets</b>		<b>75%</b>																																																																																			
Defensive Alternatives	0% - 15%	5%																																																																																			
Fixed Interest	10% - 35%	15%																																																																																			
Cash	0% - 15%	5%																																																																																			
<b>Total defensive assets</b>		<b>25%</b>																																																																																			
Asset class	Benchmark																																																																																				
Australian Shares	32%																																																																																				
Property	10%																																																																																				
Overseas Shares	23%																																																																																				
Growth Alternatives	10%																																																																																				
<b>Total growth assets</b>	<b>75%</b>																																																																																				
Defensive Alternatives	5%																																																																																				
Fixed Interest	15%																																																																																				
Cash	5%																																																																																				
<b>Total defensive assets</b>	<b>25%</b>																																																																																				
Asset class	Benchmark																																																																																				
Australian Shares	27%																																																																																				
Property	10%																																																																																				
Overseas Shares	18%																																																																																				
Growth Alternatives	30%																																																																																				
<b>Total growth assets</b>	<b>85%</b>																																																																																				
Defensive Alternatives	15%																																																																																				
<b>Total defensive assets</b>	<b>15%</b>																																																																																				
Asset class	Benchmark																																																																																				
Australian Shares	40%																																																																																				
Property	10%																																																																																				
Overseas Shares	30%																																																																																				
Growth Alternatives	10%																																																																																				
<b>Total growth assets</b>	<b>90%</b>																																																																																				
Defensive Alternatives	10%																																																																																				
<b>Total defensive assets</b>	<b>10%</b>																																																																																				
																																																																																					
<p><b>5-year history</b></p>  <p><i>This chart shows the history of crediting rates, earning rates and a comparison with the inflation rate. The earning rate is the total amount earned by the Balanced option and the crediting rate is the rate actually credited to your account. From 1 July 2005 the Trustee has maintained an investment fluctuation reserve and as in other options the actual earning rate will be credited to members' accounts.</i></p>	<p><b>4-year history</b></p>  <p><i>As the Sustainable Balanced option was introduced on 1 January 2003 only a 4-year history is available.</i></p>	<p><b>2-year history</b></p>  <p><i>As the Alternative Growth option was introduced on 1 July 2005 only a 2-year history is available.</i></p>	<p><b>5-year history</b></p> 																																																																																		
<p><b>5-year average</b></p> <p><b>12.3%</b> p.a.</p> <p>The average crediting rate for the Balanced option for the past 5 years to 30 June 2007 was 12.3% p.a.</p> <p>Think super, think long-term. Returns over longer periods are more important than single yearly results. Your investments in this option are not guaranteed. The value of your investment can rise or fall.</p>	<p><b>4-year average</b></p> <p><b>13.2%</b> p.a.</p> <p>The average crediting rate applied to the Sustainable Balanced option as at 30 June 2007 was 13.2% p.a.</p> <p>CARE Super's Sustainable Balanced option invests in industries and companies that are considered to have a sustainable future on environmental and/or social grounds. Your investment in this option is not guaranteed. The value of it can rise and fall.</p>	<p><b>2-year average</b></p> <p><b>14.2%</b> p.a.</p> <p>The return for the year from 1 July 2005 to 31 June 2007 was 14.2%</p> <p>This option aims to achieve long-term capital growth by investing mainly in growth assets. The option aims to deliver a more stable pattern of returns than would be expected to be experienced by the Growth option by investing a significant component of the portfolio in alternative investments. Your investments in this option are not guaranteed. The value of your investment can rise or fall.</p>	<p><b>5-year average</b></p> <p><b>12.6%</b> p.a.</p> <p>The average crediting rate for the Growth Option for the past 5 years to 30 June 2007 was 12.6% p.a.</p> <p>Be prepared to weather some ups and downs in investments. Your investment in this option is not guaranteed. The value of it can rise and fall.</p>																																																																																		

Please note: past performance is not necessarily an indicator of future performance.

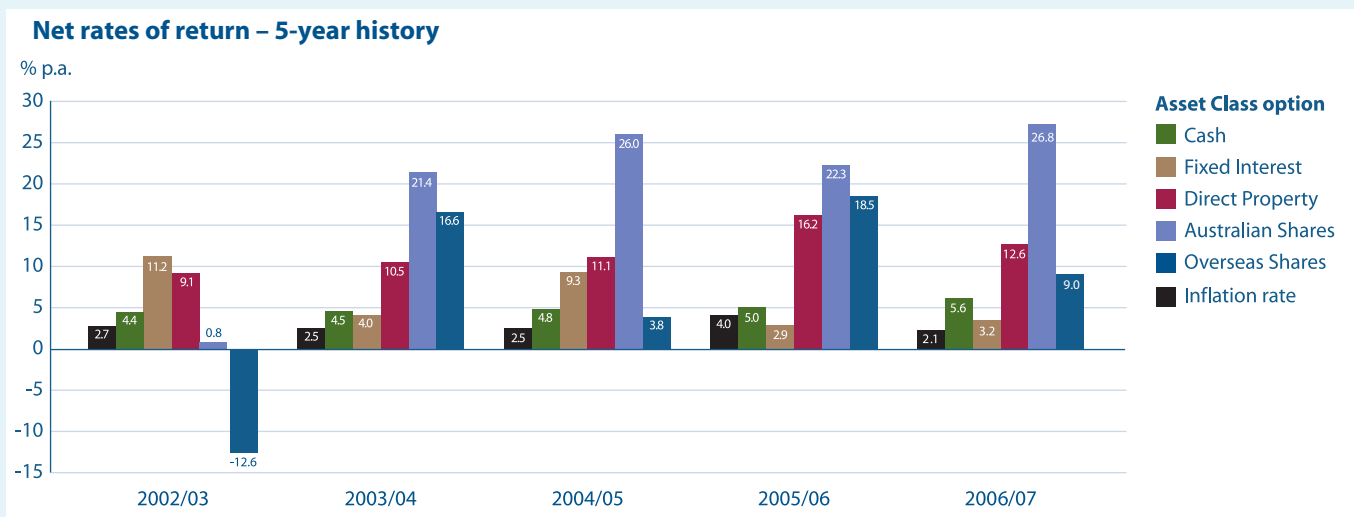
# 14 Asset Class options

	Investment objective	Risk profile	Investment horizon
<b>Cash</b> 	<ul style="list-style-type: none"> <li>To achieve returns after tax and fees at least in line with increases in the inflation rate (as measured by the CPI) over rolling 5-year periods</li> <li>Over shorter periods, to outperform the return of the Australian cash market (as measured by the UBSA Bank Bill Index)</li> <li>To achieve positive returns after tax and fees in all financial years</li> </ul>	Very low	Very short (1 year or less)
<b>Fixed Interest</b> 	<ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 2% per year over rolling 5-year periods</li> <li>Over shorter periods, to outperform the return of a mix of the Australian and overseas bond markets (as measured by a benchmark consisting of the UBSA Composite Bond Index, UBSA Government Inflation Index and Lehman Global Aggregate Index [hedged])</li> <li>To achieve positive returns after tax and fees in at least 9 out of 10 financial years</li> </ul>	Low to moderate	Short to medium (3+ years)
<b>Direct Property</b> 	<ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 4% per year over rolling 5-year periods</li> <li>Over shorter periods, to outperform the return of the Australian direct property market (as measured by the Mercer Australian Unlisted Property Index [pre-tax])</li> <li>To achieve positive returns after tax and fees in at least 8 out of 10 financial years</li> </ul>	Moderate	Long (5+ years)
<b>Overseas Shares</b> 	<ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 5% per year over rolling 5-year periods</li> <li>Over shorter periods, to outperform the return of the overseas share market (as measured by the MSCI World ex-Australia Index in \$A)</li> <li>To achieve positive returns after tax and fees in at least 7 out of 10 financial years</li> </ul>	High	Very long (7–10 years)
<b>Australian Shares</b> 	<ul style="list-style-type: none"> <li>To achieve returns after tax and fees that exceed increases in the inflation rate (as measured by the CPI) by at least 5% per year over rolling 5-year periods</li> <li>Over shorter periods, to outperform the return of the Australian share market (as measured by the S&amp;P/ASX300 ex LPT's Accumulation Index)</li> <li>To achieve positive returns after tax and fees in at least 7 out of 10 financial years</li> </ul>	High	Very long (7–10 years)

Note: the benchmark is for overseas shares to be unhedged and for overseas bonds to be hedged back to the Australian dollar.

## Crediting rates and inflation

The crediting rates applied to each of the Asset Class options and compared to inflation are shown in this table.



Note: past performance is not necessarily an indicator of future performance.

# Taking care of CARE Super

## The Trustee

The Trustee is responsible for ensuring CARE Super is managed professionally and in the best interests of all members.

The Trustee Board is made up of four Directors representing members, four Directors representing employers and one Independent Director.

Directors are nominated by their respective organisations in accordance with their particular nomination procedure.

Directors receive a modest remuneration. This year, two directors received fees in the range of \$50,000 to \$58,000 and the remaining seven directors received fees in the range of \$32,000 to \$45,000.

The Trustee of CARE Super is CARE Super Pty Ltd ABN 91 006 670 060 and it is a holder of Australian Financial Services License number 235226. CARE Super is registered as a Registrable Superannuation Entity, Licence number L0000956 and Registration number R1004120.

## Introducing the Board

Continuity of the Board is evident in its stability. There have been very few changes to its composition over the life of CARE Super.

Outlined on this page are the CARE Super Trustee Directors. The numbers in brackets represents the number of meetings attended out of the number of meetings the Director was eligible to attend. There were 11 meetings held during the financial year.

## Member representatives

Sue-Anne Burnley, Director since 2000 (9/11 meetings) *Shop, Distributive and Allied Employees Association*

Michael O'Sullivan, Director since 1996 (10/11 meetings) and Chairman (appointed 1 March 2006) *Australian Services Union*

Michael Want, Director since 1994 (10/11 meetings) *Australian Services Union*

Catherine Wood, Director since 2000 (11/11 meetings) *Australian Services Union*

## Employer representatives

John Burge, Director since 2002 (10/11 meetings) *National Insurance Brokers Association*

Angela Emslie, Director since 2004 (10/11 meetings) *Victorian Employers' Chamber of Commerce and Industry*

David Purchase, Director since 2000 (10/11 meetings) *Victorian Automobile Chamber of Commerce*

Barry Watchorn, Director since 1998 (10/11 meetings) and Deputy Chairman (appointed 1 March 2006) *Australian Industry Group*

## Independent Director

Gabriel Szondy, Director since 2000 (9/11 meetings) *PricewaterhouseCoopers*

## Advisers to the Trustee

Many of the matters associated with running CARE Super are complex. The Trustee has appointed the following specialist

independent organisations to assist it with the key operations of the fund.

### Administration:

Australian Administration Services Pty Ltd

### Asset Consultant:

JANA Investment Advisers Pty Ltd

### Auditor:

Ernst & Young

### Credit Control Services:

Industry Funds Credit Control Pty Ltd

### Custodian:

National Australia Custodian Services

### Insurer:

CommInsure

### Legal Adviser:

IFS Legal

### Tax Adviser:

KPMG

## Trustee indemnity insurance

The Trustee of CARE Super has taken out indemnity insurance to protect the directors of the Trustee and consequently the fund from the potential costs of legal action against them.

## Compliance

CARE Super is a regulated superannuation fund under the Superannuation Industry (Supervision) Act. The Trustee will lodge its annual return for 2007 as required by that Act and will continue to operate in accordance with all statutory requirements of superannuation, taxation and other relevant legislation.

## Associated directorships

The following Directors occupy positions on related bodies representing CARE Super's interests.

John Burge – Director, *Industry Superannuation Property Trust*

Michael O'Sullivan – Director, *Industry Fund Services Pty Ltd (until January 2007)*; President, *Australian Council of Super Investors*



CARE Super's Board of Directors. Standing: Michael Want, Angela Emslie, Gabriel Szondy, Julie Lander (CEO), John Burge, David Purchase. Seated: Catherine Wood, Michael O'Sullivan (Chairman), Barry Watchorn (Deputy Chairman), Sue-Anne Burnley.

# Financials

CARE Super has an obligation to members to ensure the financial position of your fund.

In order to maintain a healthy fund, CARE Super's Trustees keep a close watch on the fund's investment performance and spending. The result is a financially fit fund.

This financial summary is based on unaudited accounts and shows CARE Super's main financial transactions for the year ended 30 June 2007 and corresponding figures to 30 June 2006. A copy of the audited accounts is available on request. See page 18 for CARE Super's contact details.

“... a financially fit fund”

<b>OPERATING STATEMENT</b>		
FOR THE YEAR ENDED 30 JUNE 2007	30 June 2007 \$	30 June 2006 \$
<b>INVESTMENT REVENUE</b>		
Interest	4,871,063	6,297,171
Distributions	149,291,790	127,892,972
Other Investment Income	3,372,989	2,314,471
Changes in Net Market Value	338,101,052	217,592,049
	<b>495,636,894</b>	<b>354,096,663</b>
<b>CONTRIBUTIONS REVENUE</b>		
Employer Contributions	315,175,496	295,772,702
Member Contributions	146,865,218	57,230,946
Transfers In	164,743,915	151,428,138
	<b>626,784,629</b>	<b>504,431,786</b>
<b>OTHER REVENUE</b>		
Group Life Insurance rebate	(397,311)	(206,691)
Proceeds from Group Life Policies	10,006,911	8,170,321
Other Income	35,718	22,318
<b>TOTAL REVENUE</b>	<b>1,132,066,841</b>	<b>866,514,397</b>
<b>INVESTMENT EXPENSES</b>		
Direct Investment Expenses	12,961,012	9,614,743
<b>GROUP LIFE INSURANCE EXPENSES</b>	<b>16,357,802</b>	<b>10,166,061</b>
<b>GENERAL ADMINISTRATION EXPENSES</b>		
Administrator Expenses	7,647,885	7,424,778
Auditor's Remuneration	60,978	57,925
Operating Expenses	7,399,342	5,812,940
Anti-Detriment Payments	127,106	106,361
Superannuation Contribution Surcharge	1,801,680	2,348,896
<b>TOTAL EXPENSES</b>	<b>46,355,805</b>	<b>35,531,704</b>
BENEFITS ACCRUED BEFORE INCOME TAX	1,085,711,036	830,982,693
INCOME TAX EXPENSE	82,301,932	57,988,877
<b>BENEFITS ACCRUED AFTER INCOME TAX</b>	<b>1,003,409,104</b>	<b>772,993,816</b>

<b>STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2007</b>		
	30 June 2007 \$	30 June 2006 \$
<b>ASSETS</b>		
<b>Cash and Cash Equivalents</b>		
Cash at Bank	4,125,914	4,572,586
Cash & Short Term Deposits	169,688,896	93,282,708
<b>Trade and Other Receivables</b>		
Contributions Receivable	16,534,250	18,328,852
Proceeds from Group Life Policies Receivable	4,962,218	4,098,487
Sundry Debtors	(4,578)	(2,050)
GST Receivable	62,874	149,402
<b>Investments</b>		
<b>Financial Assets</b>		
Pooled Superannuation Funds	36,280,082	24,133,501
Australian Equities	1,204,446,602	920,765,899
International Equities	838,497,706	624,744,744
Other Investments	430,850,119	332,293,531
Fixed Interest Securities	463,573,216	442,679,989
Property Trusts	393,354,548	275,211,297
Derivatives	14,928,868	348,975
<b>Other Assets</b>		
Fixed Assets	367,900	176,688
<b>Tax Assets</b>		
Deferred Tax Assets	982,187	577,966
<b>TOTAL ASSETS</b>	<b>3,578,650,802</b>	<b>2,741,362,575</b>
<b>LIABILITIES</b>		
<b>Trade and Other Payables</b>		
Group Life Insurance Premium Payable	1,651,511	1,287,619
Provision for Employee Benefits	188,338	158,176
Benefits Payable	16,457,927	12,446,168
Accounts Payable	1,065,039	1,055,267
Sundry Creditors	0	(43,715)
<b>Investments</b>		
<b>Financial Liabilities</b>		
Derivatives	61,953	1,892,358
<b>Tax Liabilities</b>		
Superannuation Contribution Surcharge	31,714	5,248
Current Tax Liabilities	32,602,853	10,391,726
Deferred Tax Liabilities	52,603,922	32,340,831
<b>TOTAL LIABILITIES</b>	<b>104,663,257</b>	<b>59,533,678</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	<b>3,473,987,545</b>	<b>2,681,828,897</b>
Represented by:		
<b>LIABILITY FOR ACCRUED BENEFITS</b>		
Allocated to members' accounts	3,450,962,915	2,663,635,154
Administration, Operating & Capital Reserve	23,024,630	18,193,743
	<b>3,473,987,545</b>	<b>2,681,828,897</b>

# CARE Super's fees

## Fees deducted from your account

CARE Super charges fees only to cover costs, not to make a profit. Every type of fee that may be deducted by CARE Super is fully described in this section. They include:

- Fees paid from your CARE Super account
- Fees paid from the assets of CARE Super as a whole or from a particular investment option.

Type of fee or cost	Amount	How and when paid																								
<b>Fees when members' money moves into or out of the fund</b>																										
<b>Establishment fees</b> The fee to open your account	\$0	Not applicable																								
<b>Contribution fees</b> The fee on each amount contributed – either by you or your employer	\$0	Not applicable																								
<b>Withdrawal fee</b> The fee on each amount taken out of your account	\$0	Not applicable																								
<b>Termination fee</b> The fee to close the account	\$0	Not applicable																								
<b>Management costs</b>																										
<b>Fees deducted from your account</b>																										
<b>Account-keeping fee</b> The fees and costs for administering your account	\$1.50 per week	The fee is calculated weekly and deducted monthly																								
<b>Expenses indirectly deducted</b>																										
<b>ICR or investment fee</b> The cost of investment for each option. Indirect cost ratio (ICR) or investment fees are the annual percentage fees for managing investments. The fees can differ from year to year as investments change and some of the investment managers are paid partly on a performance fee basis.  The figures shown are based on calculations for the 2006/07 financial year.  *Under the Capital Guaranteed fee structure, the manager providing the guarantee, AMP, charges 1.15% plus 20% of investment returns.	The ICR varies according to the chosen investment options and ranges from 0.18 to 3.16%  <table border="1"> <tr><td>Capital Guaranteed</td><td>2.10%*</td></tr> <tr><td>Capital Stable</td><td>0.53%</td></tr> <tr><td>Conservative Balanced</td><td>0.61%</td></tr> <tr><td>Balanced</td><td>0.84%</td></tr> <tr><td>Sustainable Balanced</td><td>1.02%</td></tr> <tr><td>Alternative Growth</td><td>1.42%</td></tr> <tr><td>Growth</td><td>0.94%</td></tr> <tr><td>Cash</td><td>0.15%</td></tr> <tr><td>Fixed Interest</td><td>0.36%</td></tr> <tr><td>Direct Property</td><td>0.55%</td></tr> <tr><td>Australian Shares</td><td>0.39%</td></tr> <tr><td>Overseas Shares</td><td>0.84%</td></tr> </table>	Capital Guaranteed	2.10%*	Capital Stable	0.53%	Conservative Balanced	0.61%	Balanced	0.84%	Sustainable Balanced	1.02%	Alternative Growth	1.42%	Growth	0.94%	Cash	0.15%	Fixed Interest	0.36%	Direct Property	0.55%	Australian Shares	0.39%	Overseas Shares	0.84%	The fee is withdrawn from the investment option before returns are allocated to your account at the end of the financial year
Capital Guaranteed	2.10%*																									
Capital Stable	0.53%																									
Conservative Balanced	0.61%																									
Balanced	0.84%																									
Sustainable Balanced	1.02%																									
Alternative Growth	1.42%																									
Growth	0.94%																									
Cash	0.15%																									
Fixed Interest	0.36%																									
Direct Property	0.55%																									
Australian Shares	0.39%																									
Overseas Shares	0.84%																									
<b>ASX 200 option fees</b>																										
<b>CARE Super administration fee</b>	\$52	The fee is withdrawn from your account on registration and after each 12 months that you continue to invest in the option																								
<b>Macquarie Equities Limited brokerage fee</b>	<table border="1"> <thead> <tr> <th>Trade amount</th> <th>Brokerage fee (exc GST)</th> </tr> </thead> <tbody> <tr><td>\$0-\$4,167</td><td>\$12.50</td></tr> <tr><td>\$4,168-\$10,000</td><td>0.30%</td></tr> <tr><td>\$10,001-\$30,000</td><td>0.20%</td></tr> <tr><td>\$30,001-\$50,000</td><td>0.18%</td></tr> <tr><td>\$50,001-\$100,000</td><td>0.15%</td></tr> <tr><td>\$100,001-\$10,000,000</td><td>0.10%</td></tr> </tbody> </table>	Trade amount	Brokerage fee (exc GST)	\$0-\$4,167	\$12.50	\$4,168-\$10,000	0.30%	\$10,001-\$30,000	0.20%	\$30,001-\$50,000	0.18%	\$50,001-\$100,000	0.15%	\$100,001-\$10,000,000	0.10%	The fee is withdrawn from your account when the transaction is complete										
Trade amount	Brokerage fee (exc GST)																									
\$0-\$4,167	\$12.50																									
\$4,168-\$10,000	0.30%																									
\$10,001-\$30,000	0.20%																									
\$30,001-\$50,000	0.18%																									
\$50,001-\$100,000	0.15%																									
\$100,001-\$10,000,000	0.10%																									
<b>Service fees</b>																										
<b>Investment switching fee</b> The fee for changing investment options	\$0	Not applicable																								
<b>Location fee</b> The search fee required if CARE Super loses track of a member as a result of expired contact details	\$0	Not applicable																								
<b>Family law fee</b> The fee for family law requests and changes	\$0	Not applicable																								
<b>Binding death benefit nomination fee</b> The fee for processing a binding death benefit nomination	\$0	Not applicable																								

## Fees deducted from your investment options

These are investment costs for investment managers, CARE Super's custodian and investment adviser. Investment costs are deducted from the investment options **before** the returns are allocated to your account. The fees can differ from year to year as some of CARE Super's investment managers are paid partly on a performance fee basis.

### Example of annual fees and costs – Balanced option

The following example shows the fees and charges relating to the Balanced (default) option over a year. You can use these figures for comparative purposes.

#### An opening balance of \$50,000 with contributions of \$5000 during the year.

**Contribution fee:** \$0

#### Management costs:

For every \$50,000 you have in the fund

**Investment fee** = \$420 (0.84% x \$50,000) plus

**Administration fee** = \$78 (\$1.50 x 52 weeks).

*Note: the investment fee may vary each year while the administration fee does not change according to your account balance.*

**Total fee:** If you put \$5000 in to the Balanced option during a year, (with an account balance of \$50,000) the fee charged will be approximately \$498.  
(Costs may vary each year and are different for each option choice – see table opposite.)

### Contributions tax

Contributions tax is deducted from employer contributions after the deduction of fees and insurance premiums and before the calculation and allocation of interest.

### Insurance

It costs only \$1.50 per week for each unit of insurance cover you have with CARE Super. Alternatively, for Fixed cover or Income Protection, premiums are calculated according to your age. These premiums are deducted directly from your CARE Super account before tax.

### New fee structure from 1 January 2008

In order to maintain our high service standards, a small additional administration fee will be introduced from 1 January 2008. The fee will amount to 0.20% of your account balance per year, capped at \$500.

## 18 Contact CARE Super

Contacting CARE Super is a breeze. There are three easy ways to use the services available.

### CARE SuperLine 1300 360 149

For easy access to your CARE Super account information just call Monday to Friday, between 8am and 8pm EST and talk to one of our friendly staff.

### CARE SuperOnline caresuper.com.au

Visit our website to access the up to date news and information. You can even download the latest member publications and forms.

### CARE SuperMemberOnline caresuper.com.au

View your account balance and change your details online... Simply log on to [caresuper.com.au](http://caresuper.com.au) and follow the links to CARE Super MemberOnline.

### Stay in touch with us, too!

If you have changed any of your personal details, such as your name, address or any of your contact numbers, or you are about to, then don't forget to let CARE Super know. If we can't contact you, you may lose sight of your super savings.

Call the CARE SuperLine on **1300 360 149** or log on to [caresuper.com.au](http://caresuper.com.au) to advise your new details.

### CARE Super

GPO Box 1923R  
Melbourne Vic 3001  
Fax (03) 9629 8958  
Email [admin@caresuper.com.au](mailto:admin@caresuper.com.au)

## Super facts and figures

The Government's new 'Better Super' rules commenced from 1 July 2007. Here's your quick guide to understanding how these changes may affect your super.

- Compulsory employer (SG) contributions to age 70 – **9%**
- Personal after-tax contributions – up to age **75**
- Tax on benefits (lump sums and pensions) for people aged 60 and over – **0%**
- Reasonable benefit limits (RBLs) – no longer applicable
- Undeducted contributions (personal contributions) – capped at **\$150,000** a year.
- Undeducted contributions up to age 65 – capped at **\$450,000** for a 3-year period.
- Pre-tax contributions (SG employer contributions or salary sacrifice) – capped at **\$50,000** a year.
- Pre-tax contributions for people aged 50 or above – capped at **\$100,000** until 30 June 2012.
- The **self-employed** can claim a full deduction for their super contributions – up to age **75**.
- The **Super Co-contribution** income threshold – increased to **\$58,980**.
- **Death benefit payments** to dependants – now tax-free.
- **Death benefit payments** for non-dependants – taxed at 15%.
- Supply your **tax file number** to your super fund to avoid paying unnecessary tax at the top marginal rate on SG contributions, and to ensure your contributions are accepted.

### Protecting small account balances

If your account balance is lower than \$1000, CARE Super protects it from being reduced by administration fees that may be greater than the investment earnings. This is a special feature required by superannuation law. However, we cannot protect your balance from tax deductions, insurance premiums or when your investment option is subject to a negative return.

During 2006/07, the cost of this member benefit protection to CARE Super was approximately \$722,269.

#### ENQUIRIES AND COMPLAINTS

The Trustee of CARE Super has established procedures to deal fairly with enquiries and complaints from members and beneficiaries. All complaints will be handled in a courteous and confidential manner and will be properly considered and dealt with within 90 days. Once the Trustee has investigated your complaint you will receive a written reply explaining the Trustee's decisions. If you have an enquiry or complaint, the first step is to write to:

The Enquiries and Complaints Officer  
CARE Super  
GPO Box 1923R  
Melbourne Vic 3001

If you are dissatisfied with the Trustee's response to your complaint, or you don't receive a response in 90 days, you may lodge a complaint with the Superannuation Complaints Tribunal (SCT). The SCT is an independent body set up by the Federal Government to resolve certain types of complaints raised by fund members. The SCT is only authorised to deal with matters or trustee's decisions affecting you, as an individual, not matters affecting fund members as a whole. Examples of matters the SCT cannot deal with include complaints about the poor earnings of a fund and high

fees and charges, unless those fees were misrepresented or not disclosed to you.

The procedure you need to follow, time limits and what you need to do if you are not satisfied with CARE Super's handling of your complaint can be found in the brochure Making enquiries & complaints (available on request and on the CARE Super website).