



Member News
Issue Three
December 2008



Welcome

“Will my super be enough to retire on?”

These days, that’s the question on many Australians’ minds. As a **HOSTPLUS** Executive member, you’re several steps ahead.

HOSTPLUS is a top performing super fund that has been awarded SuperRatings Fund of the Year 2009 and *Money* magazine’s Best of the Best Award for Best Super Fund Manager 2009 – for the third year in a row.

Our long term approach to super includes a well thought out investment strategy and ever increasing member benefits, giving you better value over the years.

And we’ve included the latest super news, updates and expert recommendations in this issue of our newsletter, so you’re armed with information that can help you grow your wealth.

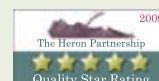
Full details are within. I’m sure you’ll find it a compelling read.

Naturally, if you need assistance or would like more information, simply visit hostplusexecutive.com.au or call **1300 799 998**, 8am–8pm, Monday to Friday.

Have a successful 2009.

A handwritten signature in black ink that reads 'David Elia'.

David Elia
Chief Executive Officer





Consolidate your super

Instead of spreading your assets across several super funds, consolidating your super into one, competitive fund is one of the most effective ways to ensure your savings continue to grow steadily despite the downturn.

By consolidating your super, you'll reduce the fees you pay, as well as the amount of time and effort required to manage your accounts.

Rollover all your super into **HOSTPLUS Executive** and you'll benefit from our competitive \$2 a week fee, plus investment expenses.

Simply download a rollover form from hostplusexecutive.com.au and return the completed form to us in the reply paid envelope provided. Done.

Moving with HOSTPLUS Executive

Sometimes moving up also means moving on. And if that's the direction your career takes you, **HOSTPLUS Executive** can move with you.

Simply request that your new employer continue making super contributions to your **HOSTPLUS Executive** account.

And if you're moving house, just update your new details online with SuperSite, your online super account.

Access your super anytime, anywhere

You probably don't think about super all the time. But it's still good to know that your **HOSTPLUS Executive** account is always at your fingertips with SuperSite - your online super account.

SuperSite is a convenient way to keep track of your account balance and contributions. It also enables you to check and update personal details.

To access SuperSite, simply click on member login at hostplusexecutive.com.au and log in with your member number (found on your half-yearly statement) and PIN.

If you're logging in for the first time, your pre-registered PIN is your date of birth. For example, if you were born on 28 September 1975, your PIN would be 28091975. Your pre-registered PIN expires on 30 April 2009, so remember to log in and change your PIN before then.

If you've logged in before, your PIN stays the same.

Pay less tax – provide your TFN

If you haven't provided **HOSTPLUS Executive** with your Tax File Number (TFN), the government will tax your super contributions at 46.5% instead of 15%. That's more than 30% of your savings you're losing to the tax office.

We also won't be able to accept any personal contributions from you.

If you're not sure whether you have provided your TFN, simply check your statement. And if you haven't, visit hostplusexecutive.com.au to do so now. Or call us on **1300 799 998**.

Protecting your assets

Protecting your most important assets – your health and income earning capacity – is crucial to any wealth management plan. Yet, many Australians don't have adequate insurance cover.

To help ensure you have sufficient protection for whatever surprises life has in store, **HOSTPLUS Executive** gives you access to a range of personal insurance options.

The cost of your cover will be deducted directly from your **HOSTPLUS Executive** account. Alternatively, we give your employer the option of paying your insurance premium as part of your superannuation benefits package. It couldn't be more convenient.

So for peace of mind that your family will be adequately provided for in any eventuality, take some time to consider the options available to you.

Death Only insurance cover

Death Only covers members in the event of their loss of life. And in some instances also in the event of terminal illness.

Death and TPD insurance cover

Death and TPD covers members in the event of their loss of life or total and permanent disablement. And in some instances also in the event of a terminal illness.

Salary Continuance insurance cover

Salary Continuance cover will provide members with a monthly benefit – for up to two years – if they are temporarily unable to work for an extended time due to illness or injury.

For more information about insurance, simply visit hostplusexecutive.com.au or call **1300 799 998**.

MARKET UPDATE

For six months to 31 December 2008

Supplied by
JANA Investment Advisors Pty Ltd.

January 2009.

The comparatively harmless sub-prime issues of early 2007 has morphed into the worst credit crisis in history with the effective death of the entire US investment bank industry. As a result, there has been widespread contraction of lending world wide as banks have seen the value of their assets **significantly decline with the write down of enormous sums running into trillions.**

Post 30 June, the financial markets continued to be affected by bad economic news with all regions of the world now skirting recession, and even the Chinese economy has slowed sharply from the 11-12% growth rates of recent years. The economic weakness has had some benefits in that commodity prices including oil have fallen sharply, **from a high of close to \$160/bbl to the end year price of \$38/bbl.**

In Equity markets, the S&P/ASX200 fell a further 27% in the six months to **December** and the US S&P500 also fell 27% in local currency terms. In Australia, the resources sector shed 42% to December, with industrials outperforming that sector by 21%.

In the fixed income market, government bonds recorded their strongest year since the early 1990s, while non-government bonds recorded their worst ever performance, with returns approaching -20% for the year.

Liquidity in fixed income markets remains scarce and has affected all borrowers with many unable to roll debt.

Central Banks **have been able to cut rates rapidly because** the collapse in credit markets has led to a collapse in economic activity around the world.

In the currency market, since reaching a peak of over USD98¢ in July 2008, the \$A has fallen to as low as USD60¢ before recovering a little during December.

Equity markets have also been sold down and the first half of the year is expected to be tough going, with auto and retail sales collapsing as the consumer in developed markets strives to deleverage in a period of rising unemployment.

In other markets property values are expected to subside. However, the sharp fall in interest rates is expected to offer some support.

In conclusion, economic activity is expected to remain weak through much of 2009, however both equity and non-government bond markets have discounted much of the weakness and are starting to offer some value. In the short term these assets could still decline further.

The quicker way to monitor markets

Keeping up with financial market fluctuations is a time consuming task. Instead of trying to juggle your super investment strategy on top of everything else, why not consult an expert? A **HOSTPLUS** dedicated financial planner (licensed by IFPP AFSL 232514) can advise you on the right moves to make. What's more, as a **HOSTPLUS** Executive member, you can take advantage of a free financial plan for superannuation valued at \$550 in your first year of membership. Simply call **1300 799 998** to make an appointment.

Plan to retire wealthy

While the market downturn means smaller returns for the next few years, there's also opportunity to benefit in the long term. Seeking some expert advice might allow you to turn the current situation in your favour.

Also, given the uncertainty of the financial markets, making sure your super is on track is now more important than ever.

So why not set up a meeting with one of the licensed financial planners from Industry Fund Financial Planning (IFFP) AFSL 232514. IFFP financial planners aren't paid commissions so their advice is in your best interest, not theirs. And you only pay for the advice you need.

You can also choose to pay for super related advice directly from your super account, as long as your balance is \$2,000 or more after the fee is deducted.

Furthermore, as a **HOSTPLUS** Executive member, you can take advantage of a free superannuation financial plan with a **HOSTPLUS** Executive financial planner (licensed by IFFP AFSL 232514) valued at \$550 in your first year of membership.

Simply call **1300 799 998** to make an appointment.

Investing in a better future

Your super is an investment in your future. Besides helping to grow your super, **HOSTPLUS** Executive invests in your future through other initiatives as well. Read on to find out more.

Build your super by building Australia

Through Industry Funds Management, we invest your super in projects like roads, wind farms, water filtration plants and more. So you're not only building your super with **HOSTPLUS** Executive, you're helping to build our nation's infrastructure – an equally vital investment in your future.

These are just some of the nation building projects you're investing in:

- Pacific Hydro's Portland Wind Energy Project.
- Two water filtration plants in Illawarra and Woronora in New South Wales.
- Melbourne, Brisbane, Darwin, Alice Springs, Tennant Creek, Perth and Adelaide airports.
- Southern Cross Station in Melbourne.
- The M5 South West Motorway, Eastern Distributor and M4 Motorway in Sydney.
- Nine schools in New South Wales.
- The Mercy Health & Aged Care Inc in Colac, Victoria.
- Perth CBD courts in Western Australia.

Supporting our community

Giving back to the community is another way we invest in your future. **HOSTPLUS** supports the following community programs:

- **HOSTPLUS** Indigenous Hotel Management Cadetship provides young indigenous Australians the opportunity to develop the skills and knowledge to take on roles in hospitality and tourism.
- The Mother's Day Classic is a walk/run for breast cancer research organised by Women in Super.
- **HOSTPLUS** teamed up with the EJ Whitten Foundation and Prostate Cancer Foundation to organise the first ever Blue Sunday – an event to raise awareness of prostate cancer.
- **HOSTPLUS** has entered a one year partnership with LHMU to support their program with African youths. The program includes short hospitality courses, after school employment and a trek across the Kokoda Trail in Papua New Guinea.



Bernie Fraser's advice on super

In response to the turmoil in global financial markets, former Reserve Bank Governor Bernie Fraser¹ delivered a national address on Tuesday 14 October 2008.

During his address Mr Fraser said that many Australians were understandably concerned about the upheaval in global share markets and its impact on their superannuation. He then reassured Australians by explaining that super is a long term investment.

He also stressed the benefits of low fees and no commissions in the long run. Mr Fraser said during the address that if you had \$100,000 in an average retail master trust in mid-2003, at 30 June 2008 it would be worth just over \$152,000.²

'The same sum in an average Industry Super Fund would be worth over \$166,000. This is a difference of over \$14,000 in five years,' said Mr Fraser.

Finally, Mr Fraser emphasised how it is important to be with an Industry Super Fund, such as **HOSTPLUS** Executive, especially in these challenging times.

¹ Mr Fraser donated his time and received no special fee for his appearance in this advertisement.

² Disclaimer: Past performance is not a reliable indicator of future performance. Based on an annual salary of \$50,000 and actual reported investment returns and fees for a sample of industry super funds and retail master trusts averaged over 5 years from 1 July 2003 to 30 June 2008. For full details see www.industrysuper.com/ assumptions. Calculations by SuperRatings, commissioned by Industry Fund Services Pty Ltd. Based on SuperRatings Fund Crediting Rate Survey results for industry super funds and retail master trusts within SR50 Balanced Index at June 2008.

Our latest returns

HOSTPLUS *Balanced option performance to 31 December 2008**

Period	Fund earning rate	Industry median p.a. [^]	Top quartile p.a.	HOSTPLUS [^] quartile ranking
6 months	-10.8%	-12.5%	-11.3%	1st
1 year	-17.0%	-19.7%	-17.8%	1st
3 years	2.1%	-0.4%	0.8%	1st
5 years	7.2%	5.7%	6.4%	1st

* SuperRatings Pty Ltd Superannuation Fund Crediting Rate Survey, Balanced options (60% to 76% in growth style assets), 31 December 2008. Survey dated 21 January 2009.

Past performance is not a guide to future performance.

[^]The industry median is the SuperRatings Index for Balanced options.

Net fund earning rates to 31 December 2008 – pre-mixed options

Period	Capital Stable	Conservative Balanced*	Balanced	Shares Plus
6 months	-4.4%	-8.7%	-10.8%	-16.4%
1 year	-4.4%	-8.6%	-17.0%	-23.5%
3 years	3.8%	–	2.1%	0.3%
5 years	6.1%	–	7.2%	6.8%

* Conservative Balanced option was first offered on 1 October 2007.

Past performance is not a guide to future performance.

Net fund earning rates to 31 December 2008 – sector investment options

Period	Cash	Diversified Fixed Interest	Property	Australian Shares	International Shares
6 months	2.9%	1.6%	-0.7%	-20.3%	-24.9%
1 year	7.0%	5.0%	2.6%	-30.6%	-34.3%
3 years	6.1%	4.3%	9.8%	-0.2%	-6.7%
5 years	5.7%	5.2%	10.4%	8.7%	1.6%

Past performance is not a guide to future performance.

Net fund earning rates to 31 December 2008 – individual manager options

Option	6 months	1 year	3 years
Macquarie Investment Management – Australian Fixed Interest	9.1%	11.8%	5.7%
Bridgewater Associates – Diversified Fixed Interest	5.0%	10.4%	6.7%
Lend Lease managed Australian Prime Property Funds – Property	0.6%	5.0%	11.9%
Industry Super Property Trust – Property	-6.5%	-5.4%	8.1%
Balanced Equity Management – Australian Shares	-18.2%	-28.2%	-1.4%
Macquarie Investment Management – Australian Shares	-22.8%	-33.2%	-1.2%
Paradice Investment Management (Small Cap) – Australian Shares	-25.1%	-40.5%	-4.1%
Perpetual Investment Management – Australian Shares	-20.6%	-27.7%	0.4%
AllianceBernstein – International Shares	-20.2%	-34.8%	-10.5%
Marvin & Palmer Associates – International Shares	-34.1%	-45.5%	-8.1%

Please note: Individual manager investment options were first offered on 1 September 2004.

Past performance is not a guide to future performance.



Changes to declared net fund earning rates and switching

HOSTPLUS intends to move from monthly declared net fund earnings to weekly declared net fund earnings from April 2009. HOSTPLUS also intends to allow members to switch investment options weekly. For full details about the commencement dates and revised switching timeframes, please visit hostplusexecutive.com.au

Same sex legislation

The legislation allows same sex partners and their children the same rights that are provided to other de-facto partners and their children. This means that superannuation lump sum death benefits may be tax free for same sex couples and they can also engage in superannuation contribution spouse tax offset and contribution splitting. Full details are available at hostplusexecutive.com.au

Temporary residents

Changes to the Temporary Residents Superannuation Legislation Amendment Bill 2008 provide that the superannuation of a temporary resident will become unclaimed and payable to the Australian Tax Office (ATO) after the individual has departed Australia permanently and at least six months have passed and they have not claimed their savings.

Departed temporary residents can later claim back their money as their unclaimed super will remain on account with the ATO and be repaid after normal withholding taxes are deducted.

From 1 April 2009, any amount paid out may be subject to Departing Australia Superannuation Payment (DASP) withholding tax – 35% for the taxed element of the taxable component and 45% for the untaxed element of the taxable component.

Consistent with the principle that tax concessions are designed to support the retirement of Australian citizens and permanent residents, the government has further agreed that:

- for any temporary resident who has their super account transferred to the ATO after they depart Australia and after 30 June 2007, and who later returns to Australia as a permanent resident, the account will attract interest at the long-term bond rate less tax while held by the ATO, and
- upon their return to Australia, such people will be able to have their balance with interest accrued to the age of 65, transferred to a super fund or paid as a retirement or death benefit.

Calculating earnings on partial withdrawals or partial transfers out of HOSTPLUS Executive

When you are invested only in the Balanced option

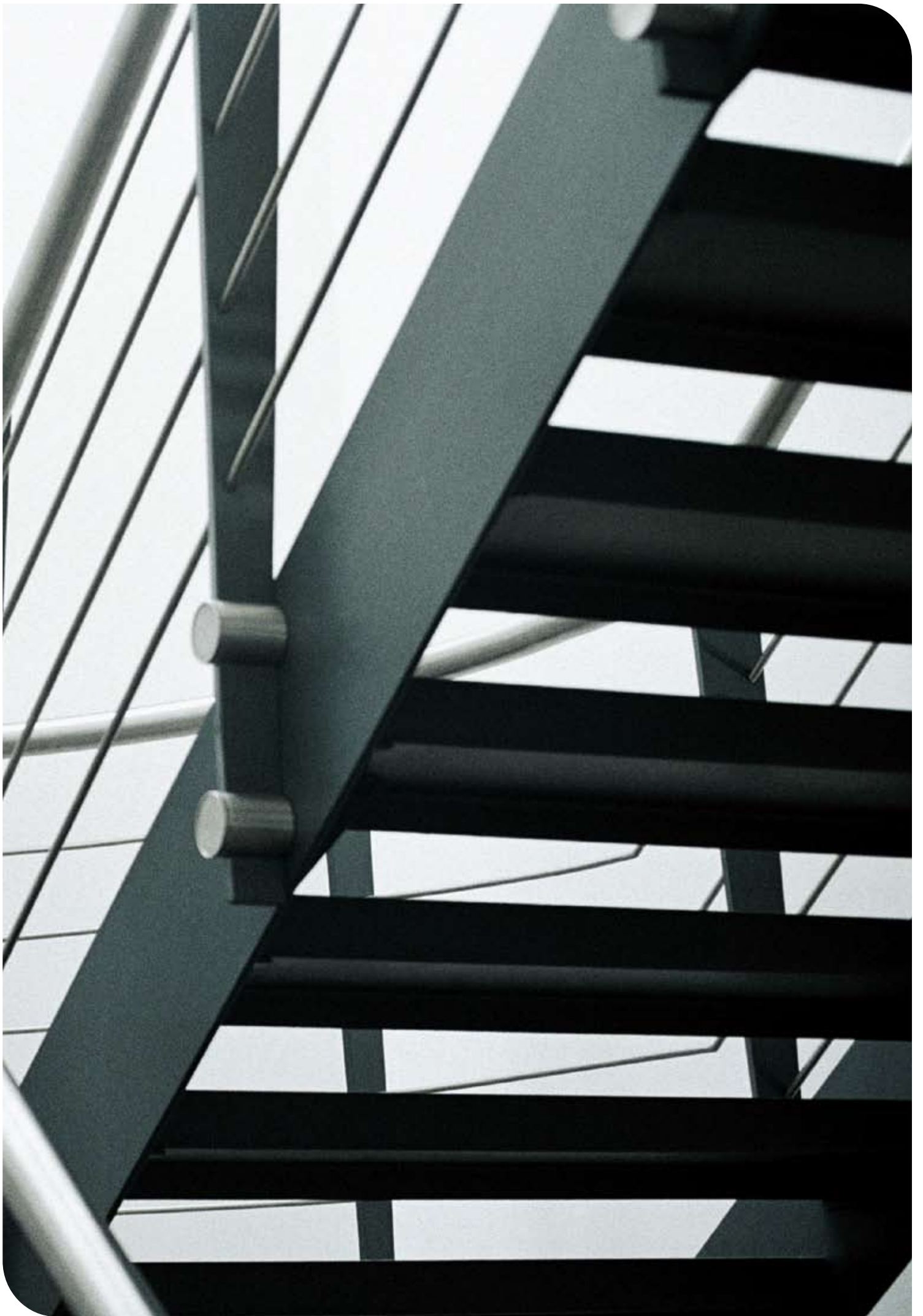
An interim earning rate will be used to allocate earnings to your account at the time of a partial withdrawal or partial transfer out of the fund. However, the interim earning rate will then be reversed out of your account so the declared rate can be added to your account when the first of the following events occur:

- 30 June and 31 December each year (a statement is sent to you in approximately September and March respectively)
- when you switch between investment options
- when you fully withdraw (exit) or fully transfer out of HOSTPLUS Executive.

When you have made an investment choice other than the Balanced option

Earnings are not calculated or allocated to your account at the time of a partial withdrawal or partial transfer out of the fund. The amount of the partial withdrawal or partial transfer is simply withdrawn from your account at that time. Earnings will be calculated and allocated when the first of the above events occur.

Please visit hostplusexecutive.com.au for detailed examples.



HOSTPLUS *Executive*

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