

HOSTPLUS *Executive*

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Welcome

We like to give our members a head start when it comes to super. And since one of the simplest ways to grow your wealth is to be informed, you'll find the latest news, updates and advice on making your money work harder in this issue of our newsletter.

You'll be pleased to know we've had another year of consistent returns on investments. And our commitment to providing you with great value hasn't gone unnoticed. We've been fortunate to receive some of our industry's top awards.

We've also developed a new guide to finance with Scott Pape – The Barefoot Investor. The series of information packs will be available this year.

Find all the details inside. Plus, more on making the most of your super and your HOSTPLUS Executive membership.

Naturally, if you need more information about any of the topics we've covered, visit hostplusexecutive.com.au or call **1300 799 998**, 8am–8pm, Monday to Friday. We're here to help.

Best wishes,

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

David Elia
Chief Executive Officer



Member News
Issue Two



Won more

Our consistent investment returns and proven commitment to our members has helped HOSTPLUS win two of the superannuation industry's top accolades two years in a row – SuperRatings Fund of the Year 2006/07 and 2008 and *Money* magazine's Best of the Best award for Best Super Fund Manager 2007 and 2008.



Make sense of dollars



As a HOSTPLUS Executive member, you'll be getting the opportunity to learn from author and regular media commentator – Scott Pape. We've developed an information series with Scott to help our members manage their finances better. You'll find Scott's common sense approach sheds new light on making your money go further.

Visit kachingkaching.com.au to read Scott's articles, use the tools and calculators and order the information packs. All the packs in the series are free and will be available over the first half of the year. The first pack – *Skool Reunion* – can be ordered now.

Top quartile returns

We're pleased to announce our Balanced investment option has returned double digits for the fifth year running – a rate of 14.3% for the year ending 31 December 2007.

That put us second out of 43 funds surveyed across the board. (Source: SuperRatings Fund Crediting Rate Survey, 19 January 2008).

For full details on the performance of all our 20 investment options, refer to the table on the opposite page.

Plan for more wealth

Even the smartest investors can benefit from new insights seen from a fresh perspective. HOSTPLUS Executive gives you access to independent financial planners from Industry Fund Financial Planning (IFFP) AFSL 232514. So take advantage of the free financial plan for your superannuation, usually \$550, that HOSTPLUS Executive provide during the first 12 months of your membership.

Our financial planners are not paid commissions so their advice is in your best interest, not theirs.

Their professional expertise is also very affordable. IFFP charge a simple fee for service so you only pay for the advice you're given. And you can pay for super related advice from your HOSTPLUS Executive account, as long as your balance is \$2,000 or more after the fee is deducted.

To make an appointment, simply call HOSTPLUS Executive on **1300 799 998**.

Reduce extra fees

Less is more when it comes to super accounts. If you have more than one super account, you're paying multiple fees. Over time, the compounded effect of these unnecessary charges can cost you more than you realise.

By rolling all your other accounts into HOSTPLUS Executive, you'll only pay a flat fee of \$2 a week (plus investment expenses, like other funds).

So take a few minutes now to complete and return the rollover form supplied in the enclosed envelope. You could potentially add thousands of dollars to your retirement payout.

It doesn't cost you anything to rollover your super into HOSTPLUS Executive but do check to see if your other funds charge exit fees or penalties, and if any insurance cover you have will be affected.

Enjoy your benefits today

While we encourage you to plan for your retirement, HOSTPLUS Executive also rewards you for being a member right now. Enjoy a suite of benefits as part of our Additions program, such as:

- discounted airfares, accommodation and more with the HOSTPLUS Travelclub
- a range of low cost banking options, from discounted home loans to high interest saving accounts, with Members Equity Bank
- private health insurance at special rates through the HOSTPLUS Health Plan with Manchester Unity.

Knowledge is power

The first step to getting what you want in life is knowing what your options are and how best to take advantage of them. It's the same if you want to get more out of your super fund.

Keep yourself in the know with the HOSTPLUS Executive e-newsletter. Make sure we have your correct email address, simply call HOSTPLUS Executive on **1300 799 998**.

Superannuation contribution caps

New limits on superannuation contributions have been introduced since 1 July 2007. For more information, contact us on **1300 799 998**.

Our latest returns

HOSTPLUS *Balanced option performance to 31 December 2007**

Period	Fund earning rate	Industry median p.a.	Top quartile p.a.	HOSTPLUS' quartile ranking
6 months	4.8%	1.7%	2.3%	2nd
1 year	14.3%	8.0%	10.4%	2nd
3 years	14.4%	12.2%	13.0%	6th
5 years	13.5%	12.2%	12.7%	4th

* SuperRatings Pty Ltd Superannuation Fund Crediting Rate Survey, balanced options (60% to 76% in growth style assets), 31 December 2007. Survey dated 19 January 2008.

Net fund earning rates to 31 December 2007 – pre-mixed options

Period	Capital Stable	Conservative Balanced*	Balanced	Shares Plus
6 months	4.1%	–	4.8%	5.7%
1 year	8.6%	–	14.3%	16.3%
3 years	8.8%	–	14.4%	16.6%
5 years	8.6%	–	13.5%	14.9%

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

Net fund earning rates to 31 December 2007 – sector investment options

Period	Cash	Diversified Fixed Interest	Property	Australian Shares	International Shares
6 months	3.1%	2.7%	7.4%	6.3%	0.7%
1 year	5.9%	4.0%	14.8%	22.8%	9.9%
3 years	5.6%	4.7%	12.7%	21.8%	14.6%
5 years	5.0%	5.8%	11.3%	20.8%	12.3%

Net fund earning rates to 31 December 2007 – individual manager options

Option	6 months	1 year	3 years
Macquarie Investment Management – Australian Fixed Interest	1.5%	2.8%	3.5%
BlackRock Financial Management – International Fixed Interest	3.6%	3.9%	4.7%
Bridgewater Associates – Diversified Fixed Interest	5.1%	5.5%	5.1%
Lend Lease managed Australian Prime Property Funds – Property	6.6%	16.9%	13.3%
Industry Super Property Trust – Property	10.2%	18.1%	13.9%
Balanced Equity Management – Australian Shares	2.2%	17.9%	20.2%
Macquarie Investment Management – Australian Shares	6.7%	24.0%	22.1%
Paradise Investment Management (Small Cap) – Australian Shares	0.8%	18.0%	20.2%
Perpetual Investment Management – Australian Shares	5.7%	19.7%	20.6%
AllianceBernstein – International Shares	-5.3%	0.8%	11.1%
Marvin & Palmer Associates – International Shares	16.8%	26.2%	22.0%

Past performance is not a guide to future performance.

Please note: Individual manager investment options were first offered on 1 September 2004, except for BlackRock Financial Management which was offered on 1 December 2004.

We've got more of you covered

Many Australians are not adequately insuring their most important asset – themselves. Most rely solely on their default superannuation insurance, that's why we are making some changes to our default insurance cover for both new and existing members aged 25 and over, to make sure you're looked after.

If you're covered by the Fixed Cost Cover insurance option, you'll be paying \$2 a week, instead of \$1, for an extra unit of cover. This applies to existing members with one unit of cover and will take effect 1 May 2008.

These changes only affect members with default insurance. Changes do not affect you if your employer has particular insurance arrangements in place.

You can still continue with just one unit of cover at \$1 a week, if you prefer. All you need to do is change your insurance option by writing to us.

We're also making a few other changes you should know about.

These changes are effective immediately:

- The maximum benefit level for Death and Total and Permanent Disablement (TPD) will increase from \$1.35 million (the previous pension RBL amount) to \$2 million.
- When travelling, you'll continue to be covered after you leave Australia in most circumstances – as long as you have sufficient funds in your super account to cover insurance premiums.

Other changes effective 1 May 2008:

- Under the Fixed Cost Cover option, scales for age and value of units insured will increase by 10.5% for both the default and white collar scale, at no extra cost. So you'll get more cover for your dollar. See Death and TPD and Death Only Insurance Cover table overleaf.

- If you have Salary Continuance Cover you can be insured up to 90% of your income, with 75% of income payable to you and 15% payable as a contribution to your super account.
- Casual employees can apply for a maximum level of cover of three units, increased from two units, for Death & TPD.
- Death Only premiums will be reduced from 70¢ to 50¢ per unit a week. With the increase in value of units, you'll be getting more for less.
- The \$250,000 limit to interim accidental death cover will be removed and cover will now include TPD due to accident.
- 'Total and Permanent Disablement' and 'Totally and Permanently Disabled' definitions will change. See TPD definition table on the opposite page.
- For members who are not at work on the 30 April 2008, which means not actively participating in their usual occupations due to injury or illness, the higher level of TPD cover will only apply to an illness or injury that occurs after 30 April 2008.

Death and TPD Insurance Cover – definitions and exclusions (effective 1 May 2008)

Exclusions

In the event of a war involving Australia or your country of residence the insurer may offer increased premium rates. No benefit is payable if the event giving rise to the claim is caused directly or indirectly by war as defined in the Insurance Policy.

'Total And Permanent Disablement' and 'Totally And Permanently Disabled' (TPD) means:

1. Unlikely to return to work

- a) If the insured member is employed or engaged in a gainful occupation, business, profession or employment or within 6 months of the date an insured member ceases to be so employed or engaged:
- 1.1 that insured member has suffered an injury or illness and, as a result of that injury or illness, the insured member:
- 1.1.1 is totally unable to be employed or engaged in that occupation, business, profession or employment for a period of 6 consecutive months; and
- 1.1.2 is determined by us at the end of that 6 month period (or such later time as we agree with the policy owner), to be permanently incapacitated to such an extent as to render the insured member unlikely ever to be employed or engaged in any gainful occupation, business, profession or employment for which the insured member is reasonably suited by education, training or experience.

Note: For the avoidance of doubt, the six month periods referred to in tier 1 above do not apply to tiers 2 to 5.

OR

2. Permanent impairment

The insured member suffers an injury or illness and, as a result of that injury or illness, the insured member:

- a) suffers a permanent impairment of at least 25% of whole person function as defined in the American Medical Association publication 'Guides to the Evaluation of Permanent Impairment', 4th edition, or an equivalent guide to impairment approved by us; and
- b) is disabled to such an extent, as a result of this impairment, that the insured member is unlikely ever again to be able to be employed or engaged in any gainful occupation, business, profession or employment for which the insured member is reasonably suited by education, training or experience.

OR

3. Specific loss

As a result of illness or injury, the insured member suffers the total and permanent loss of the use of:

- two limbs (where 'limb' is defined as the whole hand or the whole foot), or
- the sight in both eyes, or
- one limb and the sight in one eye.

OR

4. Loss of independent existence

As a result of illness or injury, the insured member suffers loss of independent existence.

'Loss of independent existence' means we have determined the insured member is totally and irreversibly unable to perform at least two of the following five 'activities of daily living' without the assistance of another adult person:

- bathing and/or showering,
- dressing and undressing,
- eating and drinking,
- using a toilet to maintain personal hygiene,
- getting in and out of bed, a chair or wheelchair, or moving from place to place by walking, wheelchair or with assistance of a walking aid.

OR

5. Cognitive loss

As a result of illness or injury, the insured member suffers cognitive loss.

'Cognitive loss' means we have determined that a total and permanent deterioration or loss of intellectual capacity has required the insured member to be under continuous care and supervision by another adult person for at least six consecutive months and, at the end of those six consecutive months, the insured member is likely to require permanent ongoing continuous care and supervision by another adult person.

Employment status

An **employee member** is:

- a member whose employer has agreed with the trustee to make contributions to HOSTPLUS Executive.

A **permanent employee** means an employee who:

- is employed on a full-time or permanent part-time basis
- is required to work on a regular and ongoing basis
- is required to work a minimum number of hours per work cycle as specified in the relevant industrial award or agreement, and
- accrues entitlements for payment of sick leave and annual leave.

A **casual employee** means an employee who:

- is required to work on a temporary or 'as required' basis
- is paid on an hourly basis for the period actually worked
- does not accrue entitlements for payment of sick leave and annual leave
- is otherwise not a permanent employee, and
- is performing all their normal duties of their occupation for less than 30 hours per week.



Death and TPD and Death Only Insurance Cover table

Age next birthday	Standard scale sum insured	Management/clerical scale sum insured	Age next birthday	Standard scale sum insured	Management/clerical scale sum insured
	1 unit =	1 unit =		1 unit =	1 unit =
Up to 30	\$74,401	\$121,969	48	\$24,040	\$36,061
31	\$74,401	\$120,749	49	\$21,510	\$32,265
32	\$74,401	\$119,529	50	\$17,714	\$26,571
33	\$74,401	\$118,310	51	\$16,745	\$25,118
34	\$74,401	\$117,090	52	\$15,457	\$23,185
35	\$74,401	\$115,870	53	\$14,169	\$21,253
36	\$74,401	\$114,651	54	\$11,593	\$17,389
37	\$74,401	\$114,041	55	\$10,305	\$15,457
38	\$74,401	\$113,431	56	\$9,176	\$13,764
39	\$74,401	\$112,821	57	\$7,865	\$11,798
40	\$74,401	\$111,601	58	\$6,554	\$10,487
41	\$69,579	\$104,369	59	\$5,899	\$9,832
42	\$62,124	\$93,186	60	\$5,244	\$8,521
43	\$53,427	\$80,140	61	\$4,668	\$8,002
44	\$45,972	\$68,958	62	\$4,401	\$7,335
45	\$37,275	\$55,912	63	\$4,001	\$6,668
46	\$31,632	\$47,448	64	\$3,734	\$6,002
47	\$27,836	\$41,754	65	\$3,334	\$5,335

Verifying your identity

If we ask you to provide identification documents (passport, birth certificate, driver's licence, utilities statement or a statement from a financial institution), it's because the new anti-money laundering and counter-terrorism financing laws require us to verify your identity.

Money laundering and terrorism financing are serious offences and the Australian government has introduced new laws to bring Australia in line with international standards, effective 12 December 2007.

We're required to have anti-money laundering and counter-terrorism financing programs in place, which includes monitoring customer activities and reporting any suspicious matters. The Privacy Act 1998 (Privacy Act) regulates how we collect, use and disclose your personal information.

Tax relief for terminally ill members

The Commissioner of Tax has varied the withholding tax rate to nil on all superannuation lump sum benefits paid to terminally ill persons. Under this variation, terminally ill members

who meet the required criteria will now be able to receive their lump sum superannuation benefit tax free, effective 12 September 2007. Visit the ATO website www.ato.gov.au/super or call us at **1300 799 998** for more information.

Changes to OTE could mean more super

The Superannuation Guarantee (SG) requires employers to pay a minimum 9% of an employees' notional earnings base. For most employees, the notional earnings base is pay for their normal working hours (excluding overtime) and is usually called ordinary time earnings (OTE). OTE also includes shift loading, commissions, most bonuses and casual loadings.

Some employees' earning bases are contained in awards, industrial agreements, laws of the Commonwealth, States or Territories, or in pre-existing trust deeds of other rules of applicable employer sponsored superannuation schemes.

This can mean that some employees are paid lower superannuation contributions as a proportion of total remuneration.

From 1 July 2008, employers must contribute 9% of an employee's OTE, so that all employees that earn the same amount get the same SG.

There are penalties for employers who don't comply with these changes. Visit the ATO website www.ato.gov.au/super for more information.

Interim net fund earning rates now weekly

From March 2008, HOSTPLUS will determine the interim net fund earnings rates on a weekly basis. Declared net fund earning rates will continue to be determined on a monthly basis. For full details please visit our website hostplusexecutive.com.au or call us on **1300 799 998**.

