

# Outperform

08/09

## 08 09 Report

Seeing the  
positives



How we  
performed  
in 2008/09

See page 2

2009 Member  
Satisfaction  
Survey Results

See page 7

Parliament  
Passes 2009  
Budget Changes  
for Super

See page 5



quietly outperforming.  
equisuper,

## Investment returns to 30/06/09

### Superannuation returns \*

Diversified Options	FYTD(%)	1 yr	3 yrs	5 yrs
Growth Plus	-16.36	-16.36	-5.43	3.04
Survey	-18.19	-18.19	-5.47	2.90
Growth**	-11.54	-11.54	N/A	N/A
Survey	-15.60	-15.60	-3.92	3.29
Balanced Growth	-8.30	-8.30	-0.46	5.00
Survey	-13.19	-13.19	-2.54	3.76
Balanced**	-2.86	-2.86	N/A	N/A
Survey	-8.35	-8.35	-0.82	3.56
Conservative	0.60	0.60	3.15	5.21
Survey	-3.57	-3.57	1.40	4.27

Sector Specific Options	FYTD(%)	1 yr	3 yrs	5 yrs
Australian Shares	-16.50	-16.50	-2.67	6.93
Overseas Shares	-16.73	-16.73	-8.89	-1.81
Property	-9.36	-9.36	5.66	8.60
Fixed Interest	7.01	7.01	4.36	4.76
Cash	4.70	4.70	5.55	5.30
SRI	-18.21	-18.21	-1.64	9.40

### Allocated Pension returns ^

Diversified Options	FYTD(%)	1 yr	3 yrs	5 yrs
Growth Plus	-18.78	-18.78	-5.37	3.46
Growth**	-13.37	-13.37	N/A	N/A
Balanced Growth	-9.49	-9.49	-0.17	5.52
Balanced**	-3.54	-3.54	N/A	N/A
Conservative	0.71	0.71	3.65	5.86

Sector Specific Options	FYTD(%)	1 yr	3 yrs	5 yrs
Australian Shares	-18.88	-18.88	-2.11	7.40
Overseas Shares	-19.78	-19.78	-10.32	-2.16
Property	-9.55	-9.55	6.66	9.56
Fixed Interest	8.18	8.18	5.04	5.47
Cash	5.49	5.49	6.45	6.18
SRI	-21.65	-21.65	N/A	N/A

FYTD = Financial Year to Date

**Surveys:** The surveys we use for our Diversified investment options are: Growth Plus - SuperRatings (High Growth - All Fund Median); Growth - SuperRatings (Growth - All Fund Median); Balanced Growth - SuperRatings (Balanced - All Fund Median); Balanced - SuperRatings (Conservative Balanced - All Fund Median); Conservative - SuperRatings (Capital Stable - All Fund Median). Allocated Pension returns are generally higher than for superannuation, as no tax is paid on earnings before unit prices are calculated. The Sustainable Responsible Investment (SRI) option is invested 100% in Australian equities. For more information on the investment objectives and strategies for our investment options, please refer to the Equipsuper website or an Equipsuper PDS.

\* Returns are net of tax and investment fees. ^ Returns are net of investment fees.  
 \*\* The Growth and Balanced investment options were introduced on 2 October 2006. Therefore, three and five-year returns are not yet available for these options.

We have, however, provided the benchmark returns for these options.



## Minister urges confidence in super

In a media release dated 27 July 2009, the Minister for Financial Services, Superannuation and Corporate Law, Chris Bowen, says Australians should have confidence in the superannuation system in which the average fund has delivered investment returns of around 4% more than the inflation rate over the past 35 years.

He said the recent turmoil in international financial markets had affected the Australian stock market and, with a substantial proportion of superannuation assets invested in shares and other growth assets, had affected superannuation fund returns.

However, superannuation was a long-term investment designed to provide solid returns over an individual's working life and years in retirement. He encouraged young people in particular to take a more active interest in their superannuation fund accounts.

"The Government recognises that for many Australians their superannuation savings will form a significant part of their retirement income. The long-term nature of superannuation allows superannuation fund trustees to manage market volatility over time through a progressive rebalancing of their investment strategies in response to market conditions," Mr Bowen said.

## How super's performed over the years

The graph (right) from industry ratings agency, SuperRatings, shows the median annual returns for Balanced investment options for each of the last 20 financial years.

It shows that super fund members have generally enjoyed positive returns in all but two of those years. The negative 2008-09 result (not shown) makes it three out of the past 21 financial years and the first time over the 21-year period that returns have been negative for two consecutive years.

Balanced Growth is Equipsuper's default option for accumulation members who do not nominate their preferred investment allocation. It is categorised as a Balanced option by SuperRatings, and is included in the averages published in this survey.

# Solid performance, despite negative returns

According to the SuperRatings\* surveys for the year ending 30 June 2009, Equipsuper members have generally fared better than many others over recent times. Equipsuper's Diversified option returns for the 2008-09 financial year were more than 4% better than their respective SuperRatings medians in all cases except Growth Plus, which was 1.83% better than the median.\*

While Equipsuper may have produced solid returns (at around the industry median) at the height of the share market boom, those same disciplined investment policies and strategies have acted to cushion the blow of the market downturn for members.

From a long-term perspective, this means Equipsuper members are better positioned than many in other funds and will still be able to take advantage of the recovery in investment markets when it occurs.

More broadly, superannuation may offer investors advantages for long-term investing, despite the negative returns experienced over the past two years by many fund members.

Trying to pick the bottom and top of markets is nigh on impossible. However, history has shown that investment markets tend to recover at some time in the future. This is illustrated in the graph below which was developed by SuperRatings.

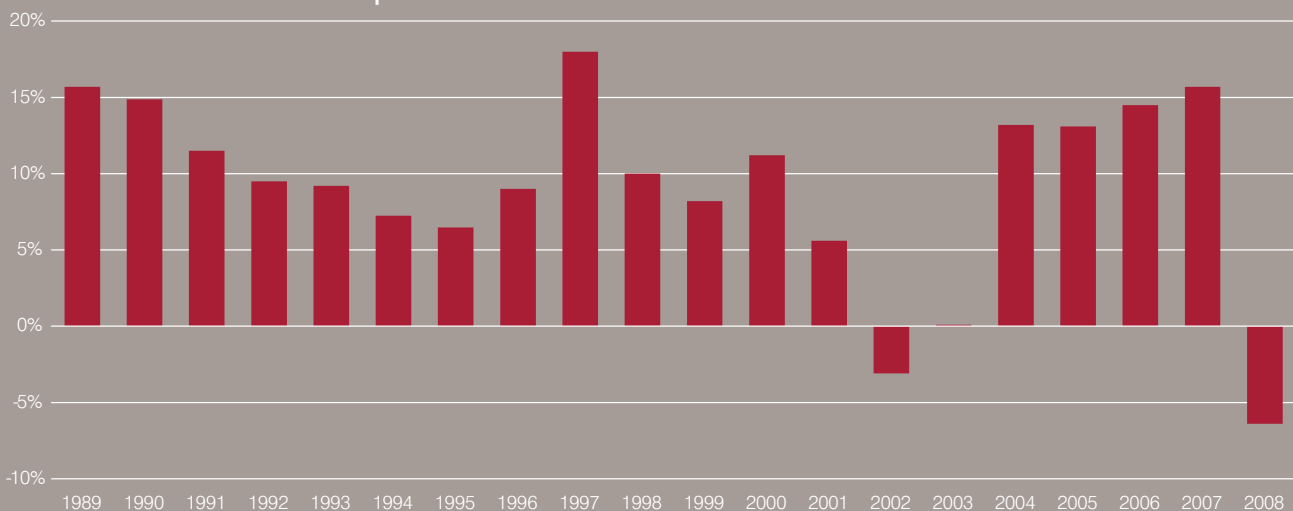
## Performance relative to median\*

Diversified investment option	1 year	3 year	5 year
Growth Plus	1.83	0.04	0.14
Growth	4.06	N/A	N/A
Balanced Growth	4.89	2.08	1.24
Balanced	5.49	N/A	N/A
Conservative	4.17	1.75	0.94

\* For actual 2008-09 investment returns and information on the SuperRatings medians used, please refer to the opposite page.

↑ Equipsuper annual percentage above the SuperRatings median return for investment portfolios with similar asset weightings.

Balanced Options - Median Financial Year Performance 1989-2008



Source: SuperRatings Pty Ltd. Disclaimer: SuperRatings Pty Limited holds Australian Financial Services Licence (AFSL) No. 311880. The information used in compiling this report comes from sources considered reliable. It is not guaranteed to be accurate or complete. The report has been prepared for the purpose of providing general advice only and has not considered the recipients objectives, financial situation or needs. The recipient should consider obtaining independent advice before making any decision about a financial product referred to in this report and should obtain and consider a copy of the relevant Product Disclosure Statement from the product issuer. ©SuperRatings Pty Ltd.

## A Snapshot from the 2009 Annual Report

The *2009 Annual Report* will be published later this year. In it members will find more detailed information and observations about Equipsuper's investment performance and other aspects of the fund. Its commentary puts superannuation into the context of lifestyle goals.

For most people, planning retirement is about achieving a dignified and satisfactory retirement lifestyle. Setting and achieving financial goals is simply about ensuring they have the savings and income that will support the lifestyle to which they aspire.

No matter what stage of life you have reached, superannuation can still contribute significantly to the speed at which you can build your total savings. Unlike many other investments any earnings within superannuation are concessional taxed. This means superannuation investment earnings for many people are taxed at a lower rate than they would be outside super.

The impact of this over long periods can be very significant in increasing personal financial worth.

The selection of a superannuation fund will also influence how investments will grow over time. Generally speaking, the returns from a number of Equipsuper's investment options for 2008-09 have been substantially better than the industry medians, published by SuperRatings and other independent agencies. This is, more importantly, also true for the longer time periods.



Order your

2009 Annual Report *now*

The Equipsuper *2009 Annual Report*, containing fund information for the 2008-09 financial year, will be available for you to download from our website [www.equipsuper.com.au](http://www.equipsuper.com.au) during October 2009. In the interests of reducing our output of paper, and minimising printing and distribution costs, we will not send you a printed copy by mail unless you request it.

We have provided a registration link on the home page of our website to enable you to register your name and address if you wish to receive a printed copy. If you have already registered, you have no need to do it again. You may also call our **Helpline 1800 682 626** if you would like to receive a mailed copy.

Please note, however, that we will still send your *Member Annual Statement*, containing your personal benefit details, by mail.

## Check out our performance!

Subscribe now for our email  
**Quarterly Investment Report**

Simply visit our website [www.equipsuper.com.au](http://www.equipsuper.com.au)  
and click on:

▶ Free subscriptions

Make sure you nominate *Investment Report* in the  
*Areas of Interest* field.

## Increases in the Investment Cost Ratio (ICR)

Equipsuper has adjusted the Investment Cost Ratios (ICRs) for its investment options, following a review of external investment managers and some new appointments. The ICR is an estimate of the investment costs that are deducted from the assets of each investment option. These costs are calculated as part of our daily unit pricing processes and they are not deducted directly from member accounts. Instead, the ICRs are reflected in the unit prices for each investment option. The ICRs are set out in our Product Disclosure Statements and we publish the unit prices for our investment options on our website [www.equipsuper.com.au](http://www.equipsuper.com.au).

The ICRs have increased following the review of external managers. The new investment manager appointments are designed to allow Equipsuper to take advantage of opportunities that may arise as investment markets recover. We believe that the Equipsuper fund is very competitive in terms of fees charged.

As an example, any Equipsuper Corporate accumulation member with \$100,000 in the Balanced Growth option pay fees, including ICRs, of about 0.86% p.a. while for the same member with only \$50,000 the cost would be about 0.91% p.a.

The new ICRs are effective from 1 August 2009:

Diversified Options	Previous % p.a	New % p.a.
Growth Plus	0.48	0.62
Growth	0.50	0.68
Balanced Growth	0.49	0.66
Balanced	0.42	0.57
Conservative	0.33	0.37
Sector Specific Options	Previous % p.a	New % p.a.
Australian Shares	0.35	0.54
Overseas Shares	0.60	0.59
Property	0.61	0.74
Fixed Interest	0.38	0.37
Cash	0.03	0.06
SRI	0.77	0.80

## Tell him he's dreamin'



If you don't want to hear this when you talk about your goals, you should consider setting up a well thought-out financial plan as early as possible. When setting up an investment strategy, you're never too young, but you can be too late! Equipsuper Financial Planning\* (EFP) can help.

Super is not just a long-term financial plan for retirement. It can also provide financial security for your dependants while you work. So it is as much about the here and now, as it is about what's over the horizon.

Visit the EFP website [www.equifp.com.au](http://www.equifp.com.au) to make an appointment with one of our planners, or call EFP on **1800 065 753**.

\* Equipsuper Financial Planning Pty Ltd

Equipsuper Financial Planning Pty Ltd (ABN 84 124 491 078) is owned by Equipsuper Pty Ltd (ABN 64 006 964 049 AFSL 246 383), the Trustee of the Equipsuper Superannuation Fund (ABN 33 813 823 017). Financial planners must be licensed via an Australian Financial Services Licence (AFSL) in order to provide personal and financial product advice. Equipsuper Financial Planning Pty Ltd operates as a Corporate Authorised Representative of Health Super Financial Services Pty Ltd (HSFS) (ABN 37 096 452 318, AFSL 240019). This means that Equipsuper Financial Planning operates under the HSFS AFSL. All Equipsuper Financial Planners are Authorised Representatives of HSFS.

for your benefit.

equipsuper,  
financial planning



## 2009 Budget measures LOCKED IN

The superannuation changes announced in the 2009 Federal Budget are now law. This means from 1 July 2009, the caps on concessional (employer) contributions and the rate of Government co-contributions were reduced. It also extends the minimum income relief for income stream members for the 2009-10 financial year.

The concessional cap is now \$25,000, with the transitional cap for members aged 50 and over up to the 2011-12 financial year dropped to \$50,000.

The maximum Government co-contribution in 2009-10 has been reduced from \$1.50 to \$1 for every post-tax dollar (up to \$1,000 per annum) contributed into super by people earning up to \$31,920. The Government plans to increase this to \$1.25 from 1 July 2012 and then back to \$1.50 from 1 July 2014. The maximum rate scales down for incomes over \$31,920 and cuts out once income reaches \$61,920.

The minimum income relief for income streams means members can nominate to only draw half of the normal minimum annual income amount according to their age, for this financial year.

For more information on any of these changes, please refer to the fact sheets in our website's Learning Centre Library [www.equipsuper.com.au](http://www.equipsuper.com.au), or contact our Helpline 1800 682 626 for a copy.

## Board election imminent

As an Equipsuper member, you will have the chance to vote in the Equipsuper member director elections being held next month.

You will be able to vote electronically or by mail and can expect information on the candidates and how to vote in your mailbox in early September. Members will elect four Member Directors in this election.



## Government casts wider net for income tests

From 1 July 2009, salary sacrifice and some other voluntary concessional (employer) contributions (but not Award or Super Guarantee amounts) are included as income when assessing your eligibility for various Government income support benefits. These include the Seniors Health Card as well as the Government co-contribution, the spouse contribution tax offset and self-employed income levels (for determining tax deductibility of contributions).

These voluntary concessional contributions, as well as self-employed contributions for which a tax deduction is being claimed, are included in the definition of Reportable Superannuation Contributions (RSCs). From 1 July 2009, employers must report RSCs on payment summaries provided to their employees.



# 2009 Member Satisfaction Survey Results





## 2009 Member Satisfaction Survey Results

### Improvement in key areas, but investment returns bite



over 45% of members

did not know how Equisuper's investment returns compared with other funds

See story on pages 2 & 3

Equisuper showed a minor dip in overall member satisfaction in the 2009 Member Satisfaction Survey compared with an identical survey conducted in 2007.

The main reason for this was a substantial drop in satisfaction with investment earnings. This came as no surprise because it is a phenomenon being generally experienced by the superannuation industry, with member returns hit by the fallout from the Global Financial Crisis (GFC).

However, the 2009 survey reflected substantial improvement in member satisfaction levels in service areas identified as problematic in the 2007 survey. Members are generally happy with the service of our Helpline and the information

provided on our website. More detail on the results in specific categories is provided on page 10 of this newsletter.

Interestingly, over 45% of members said they did not know how Equisuper's fees and charges compared with those of other funds, or whether the Fund offered relatively good value. We will communicate more about this over the next year.

We thank those who contributed to our satisfaction survey. We take your feedback very seriously and, despite the improvements, we understand there are still areas for us to work on.

## Satisfaction survey movements in detail

Our Member Satisfaction Survey is conducted by an independent research company, Brand Management, through its subsidiary company, CoreData. We received 2,238 responses to the email survey and 200 from members contacted by phone.

Respondents were asked to score the Fund on a number of attributes on a scale from zero to 10, where zero is 'Extremely Dissatisfied' and 10 is 'Extremely Satisfied'.

Brand Management reports on the proportion of members who score Equisuper in the range from 7 to 10, which is regarded as quite a high satisfaction benchmark.

For clarity, we have decided not to publish the specific numbers for each attribute, but rather the level of improvement or deterioration in the satisfaction score between the 2009 and 2007 surveys.

# Changing **priorities** in 2009

The economic climate changed member priorities substantially in the period from mid-2007 to mid-2009. The following table shows what was important to members across the two surveys.

2009 survey	2009 Ranking	Change in Ranking 2009 v. 2007	2007 Ranking
ACCOUNT MANAGEMENT	1	↑	6
INVESTMENTS	2	↑	3
COMMUNICATIONS	3	↓	2
HELPLINE	4	↓	1
WEBSITE	5	↓	4
FEES AND CHARGES	6	↓	5
SEMINARS	7	=	7



## 2009 Member Satisfaction Survey Results

### The Satisfaction Survey Report Card: How we scored on our 2007 promises

Members identified a number of areas requiring substantial improvement in the 2007 survey and we issued a report outlining what we would do to achieve improvement:

#### Member Satisfaction Survey Report Card

2007 Rank	Area to Improve	2007 Response by Equisuper	Improved / Worse from 2007 to 2009	This Year's Response by Equisuper
1	<b>Issues Resolution</b> (Resolving errors or complaints)	We will make changes to specifically address this issue.	<b>58%</b> fewer members with account issues over 12 months. <b>50%</b> reduction in members with outstanding account issues.	<i>This was our key area of improvement in the 2009 survey. Less than 6% of surveyed members had an unresolved issue.</i>
2	<b>Helpline</b>	Linked with issues resolution, but staff regarded as generally friendly and courteous.	<b>21%</b> improvement in satisfaction.	<i>We survey Helpline performance every month. More senior staff added to assist with issues resolution.</i>
3	<b>Website</b>	We have been tardy in developing our fact sheet library and will focus on increasing the information available on it. We will add a calculator tool.	<b>21%</b> improvement in satisfaction with overall online capability. <b>26%</b> improvement in satisfaction with usefulness and relevance.	<i>We delivered a substantial number of new fact sheets and promoted the online Learning Centre more prominently. The retirement calculator is in final review stage.</i>
4	<b>Targeted Communications</b>	Research identified that one-size-fits-all communications are not effective.	<b>5%</b> drop in overall satisfaction. Growing preference for electronic communications, in particular for newsletters.	<i>We launched the supersubs free online subscription service for newsletters. We are working to deliver more targeted communications in print also, within the data and personnel capabilities that we have.</i>

# Future challenges for Equipsuper

In 2009, members set new challenges for Equipsuper. Unsurprisingly, lifting investment returns was number one on the list.

## Investments

Some members have suggested that they expect us to actively manage their investments. In other words, they expect that we will adjust member asset allocations as investment markets change. For example, move their investments from shares to cash if markets are falling. We are not permitted to do this unless we receive instructions from members, either online or using the appropriate form, to switch their investment options.

Equipsuper's investment performance has remained strong relative to industry medians and indices.

## Fees & Charges

We believe that Equipsuper continues to offer competitive management and administration fees. Nearly half of our members are unaware of how Equipsuper compares to other funds on fees and charges. Demonstrating the value we offer to all members is one of our challenges.

## Communications

The 2009 survey says that members rate communications they opt into, for example workplace and pre-retirement seminars, much more highly than generic newsletters. We will focus on creating more 'opt-in' communications and educational opportunities. However, industry regulations prescribe that we send certain information to all members.

The biggest criticism of Equipsuper's communications stems from our ability to more frequently report investment earnings at the individual level. Members can access their account information online at any time. The online information is more current than anything we could create and distribute in print. We will continue to consider options for performance reporting at the individual level, but it is unlikely that this will extend beyond website reporting. Of course, those who do not have access to the website can obtain current benefit information from the **Helpline 1800 682 626**.

## Account Management & Helpline

We will continue to monitor and improve our performance in these areas following the strong gains made over the past two years.

## Financial Advice

Equipsuper Financial Planning Pty Ltd (EFP) has proven successful with members who have used its services over the past two years. EFP now runs our pre-retirement seminars and we will continue to identify ways in which to increase members' access to EFP's personal advice expertise.

# 2009 Member Satisfaction Survey Results

Hot topic



*Rolling it in to one*

## Dealing with rollovers in the new world order

Some members commented in the Satisfaction Survey about the difficulties that can be associated with rolling money into Equisuper from other superannuation funds. We'd like to explain why this can happen.

The implementation of the 'Anti-Money Laundering/Counter-Terrorism Funding (AML/CTF) legislation from December 2008 introduced identification (ID) requirements as part making benefit payments to members, and this has been applied to the rollover process by most superannuation funds.

Where in the past, rolling money into Equisuper simply required members to complete our *Rollover Authority* form so we could complete the arrangements with other funds, the new ID requirements may now make this difficult for Equisuper to undertake on your behalf.

This is because the fund you are transferring money from needs

identification documents from you, (for example certified copies of your passport, drivers licence, etc) in order to make the payment to us.

While on the surface this may appear an added inconvenience, it is designed to protect the fund assets from illegal activities such as money laundering or fraud by ensuring benefits are only paid for legitimate purposes.

So if you wish to roll money from other super funds into Equisuper, you may wish to contact your current fund/s to find out their ID requirements and then include the required ID when you send your *Rollover Authority* form to us.