

16 April 2014



041 / 10 [S03]

Mr Sam Sample  
1 Sample Street  
SAMPLETOWN VIC 3999

Member Number: 99999999

Dear Sam,

We are writing to update you on some recent developments and important changes at the Trustee of the Fund and to provide you with some additional information on the merger with Prime Super.

## IMPORTANT CHANGES AT THE TRUSTEE OF HIP

### Changes to the current HIP Board and executive management team

On 26 February 2014, the HIP Board terminated the employment of the CEO and on 27 February 2014 the Board removed the Chair as a Director, as a result of an investigation by the Australian Prudential Regulation Authority into corporate expenses. A further two Directors stood aside on 1 April 2014 pending these ongoing investigations.

These changes at the Board level have resulted in the remaining Directors not being enough to constitute a quorum to make decisions as required under superannuation law. APRA has issued a modification to these requirements to enable the Trustee to continue to function with the reduced number of Directors until the merger with Prime Super on 1 May 2014.

An existing Director, Mr Bob Whyburn, will act as the Chairman of the Fund, and Ms Sirran Syme, Compliance Manager, will be the acting CEO up to the date of the merger with Prime Super.

The Trustee continues to conduct its duties under the HIP Trust Deed and superannuation laws.

### Your future representation

Earlier this year, we notified you that the sponsoring bodies for HIP, the NSW Nurses and Midwives' Association and the NSW Private Hospitals Association, would retain their nominating rights and appoint two directors each to the Board of the merged fund.

Both Associations will no longer have direct representation on the Board of Prime Super. It is intended that four persons who represent the health and aged care industries will be appointed to the Board of Prime Super as independent directors. They will not be nominated by the Private Hospitals Association or

This notice is issued by the Trustee of Health Industry Plan (HIP) ABN 50 030 598 247, Private Hospitals Superannuation Pty Ltd, ABN 59 006 792 749. Australian Financial Service Licence (AFSL): 247 063, MySuper authorisation number 50030598247691, RSE Licence Number L0001533 and RSE Registration Number R1056617. Registered address: Level 5, 477 Pitt Street Sydney NSW 2000. Contact Customer Service Representative: Locked Bag 23, Haymarket NSW 1236. Ph: 1300 654 099. [hipsuper@superpartners.com.au](mailto:hipsuper@superpartners.com.au). [hipsuper.com.au](http://hipsuper.com.au). The merging entity is Prime Super Pty Ltd ABN 81 067 241 016. AFSL No. 219723. RSE Licence No. L0000277. ABN 60 562 335 823; RN 1000276. Registered address: Level 15, 190 Queen Street, Melbourne VIC 3000. HIP 35598.

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**Health Industry Plan Postal Address: Locked Bag 23, Haymarket, Sydney NSW 1236**

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11 London Circuit  
CANBERRA

PERTH  
Level 2  
12 St Georges Terrace  
PERTH

ADELAIDE  
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104 Frome Street  
ADELAIDE

BRISBANE  
Level 10  
120 Edward Street  
BRISBANE

HOBART  
Ground Floor  
119 Macquarie Street  
HOBART

DARWIN  
c/- Level 2  
104 Frome Street  
ADELAIDE

Trustee: Private Hospitals Superannuation Pty Ltd | ABN 59 006 792 749 | AFSL 247063 as the Trustee of Health Industry Plan (HIP) ABN 50 030 598 247

the NSW Nurses and Midwives' Association. Prime Super will advise you of the new Board appointees when they send you your annual statement in late August. The appointment of these independent Directors to the Board of Prime Super will provide direct health and aged care experience and representation to the Board of Prime Super, and is aimed at ensuring your interests are considered by the Board in its decision making process.

### **Fee Disclosure**

It has been identified that the costs to members of HIP have not been fully disclosed.

The total of fees and costs are as follows:

Administration fee	\$2.50 per week
Asset fees	
Year ended 30 June 2012	0.29% p.a.
Year ended 30 June 2013	0.21% p.a.
10 months ended 30 April 2014 (estimated)	0.34% p.a.
Average	0.28% p.a.

The asset fees have arisen due to the fact that the costs of running the Fund exceed the revenue derived from the administration fee charged to members. These fees have been charged via a deduction from the investment earnings of the Fund prior to them being credited to members. Previous communications to members have not included details of the asset fees.

Investment indirect cost ratio:

HIP MySuper option	0.85%
Capital Stable option	0.61%
Cash option	0.25%

### *Insurance Premiums*

The Death and TPD insurance premiums and the Income Protection insurance premiums include a levy of \$0.10 (Death and TPD) and \$0.09 (Income Protection) per every \$1 unit per week charged by the Trustee and allocated to the reserves of the Fund to cover the cost of the administration of the insurance arrangements of the Fund.

## **MERGER WITH PRIME SUPER**

### **Why the merger is great for HIP members**

We remain committed to providing members with the stability and service that they expect from us. However, the costs of administering a super fund have increased significantly in the last few years. We have found that the administration fees we charged members have not covered the costs of running the Fund. This shortfall has been met through a reduction in the investment returns to members (as described above).

Rather than continue this practice, we were faced with the reality of having to substantially increase member fees or find a partner to merge with so that the Fund could benefit from economies of scale. The merger with Prime Super offers this, and more, and positions members well for the future. Through the merger with Prime Super we will be able to provide members with improved services whilst ensuring that we will not be so large that we will lose focus on what is important to our members and employers.



## What are the benefits of a merger with Prime Super?

- Lower costs to members – every member will be better off, regardless of account balance
- More flexibility in investment choice options
- Improved online access
- Better member and employer services
- Public offer fund available to family and friends
- The same great insurance benefits

Like HIP, Prime Super is a national industry super fund where the members' interests come first. Prime Super has over 130,000 members and 40,000 employers. The merger will also provide HIP members with greater regional support and access to super education.

## New contact details from 1 May 2014

There will be new contact details from 1 May when the merger with Prime Super is official. Please update your records to avoid any delays or inconvenience.

<b>Postal address:</b>	Locked Bag 5103, Parramatta NSW 2124
<b>Freecall:</b>	1800 675 839
(International)	+612 9374 3967
<b>Freefax:</b>	1800 023 662
(International)	+612 9372 6210
<b>Email:</b>	administration@primesuper.com.au
<b>Web:</b>	www.primesuper.com.au

## Limited processing period for transactions

As part of the merger, your account will be transferred to a new administration provider. This is a complex task and there will be a period of time where access to member information or services may be limited and you may experience delays in paying contributions or viewing your account details. This limited processing period is expected to take place between **24 April 2014** and **2 June 2014**.

For members, this means that during this period:

- There will be no withdrawals out of your account (transfers/rollovers out, benefit payments etc);
- Your account balance will be unavailable either via your online account or over the phone; and
- While you can continue to make personal contributions during this time we won't be able to verify that we have received the contribution (either via your online account or over the phone).

If you wish to rollover or transfer your account to another fund prior to the merger, you must send us your request and all required information by close of business on **24 April 2014**. Contact us for information about how to rollover or transfer your account.

If we do not receive your request by close of business on 24 April 2014, Prime Super will process your rollover or transfer after the limited processing period.

Under the merger with Prime Super, the HIP insurance policy is being transferred and your current insurance will continue. If you transfer to another fund, your insurance with HIP will be cancelled and the new fund may not automatically give you insurance cover. If you are considering transferring to another fund, you should consider obtaining independent advice about whether this will affect you before you make a decision.

If there is any change to these dates or any further impact on the service we provide to you, we will do our best to let you know via the HIP website ([www.hipsuper.com.au](http://www.hipsuper.com.au)) until 30 April 2014 and the Prime Super website ([www.primesuper.com.au](http://www.primesuper.com.au)) from 1 May 2014.

## Online services

There will be a new online service system for members to use called *MemberOnline* from 2 June 2014. You will need to register for a *MemberOnline* account.

To do this you will need your HIP member number, full name, date of birth and your postcode.

## Changes to payment details for personal contributions

Please make a note of the new payment details for personal contributions effective from 1 May 2014.

### BPAY Details:

Billor Name	Prime Super Member Contribution
Billor Code	584581
CRN	A new CRN will be issued to all members after 1 May

### EFT Details:

Account Name	National Nominees Ltd as Nominee for Prime Super Pty Ltd as Trustee for Prime Super
BSB Number	064 000
Account Number	10482771
Payment Ref #	Your member number

### Cheques

All cheques must be made out to Prime Super.

## Your member account and fees

As previously advised, your HIP member account will be transferred to the HIP division of Prime Super effective 1 May 2014, and new fees will apply. A comparison of fees is detailed in the table below.

	Current fees – HIP*	New fees – Prime Super
<b>Investment fees</b>	Nil	Nil
<b>Administration fees</b>	\$2.50 per week (\$130 p.a.), plus an asset fee of 0.28% p.a. (average of asset fees for 2012, 2013 and estimated YTD 2014)*.	\$1.40 per week (\$72.80 p.a.) plus 0.5% p.a. of your account balance to \$100,000, then nil on amounts over \$100,000
<b>Switching fee</b>	Nil for the first switch, then \$20 for every subsequent switch in the same calendar year	Nil for the first switch, then \$60 for every subsequent switch in the same calendar year
<b>Exit fee</b>	Nil	Nil, unless your balance is transferred to an ERF, then \$10 is charged
<b>Other fees and costs</b>		
<b>Establishment fee</b> The fee to open your account	Nil	Nil
<b>Contribution fee (entry fee)</b> The fee on each amount contributed by you or your employer	Nil	Nil
<b>Withdrawal fee</b> The fee on each amount you take out of your account	Nil	Nil
<b>Investment indirect cost ratio</b> Calculated as at 30 June 2013 and may vary year-to-year. This refers to investment costs which are deducted from investment earnings.	HIP MySuper 0.85% Capital Stable 0.61% Cash 0.25%	MySuper 0.68% Managed Growth 0.76% Conservative 0.40% Alternatives 0.88% Australian Shares 0.62% International Shares 0.73% Property 1.22% Fixed Interest 0.25% Cash 0.20%

\*The asset fees in each year have been calculated by dividing the amount transferred from investment returns to the administration reserve by average assets.

The table below illustrates the comparison of fees and costs for a range of Super members' account balances, taking into account the total costs to members in the MySuper option:

Account balance	HIP annual fee <sup>1</sup>	Prime Super annual fee <sup>2</sup>	Difference
\$5,000	\$187	\$131.80	\$55.20
\$10,000	\$243	\$190.80	\$52.20
\$20,000	\$356	\$308.80	\$47.20
\$50,000	\$695	\$662.80	\$32.20
\$100,000	\$1,260	\$1,252.80	\$7.20
\$150,000	\$1,825	\$1,592.80	\$232.20
\$200,000	\$2,390	\$1,932.80	\$457.20
\$500,000	\$5780	\$3972.80	\$1807.20
\$1,000,000	\$11430	\$7372.80	\$4057.20

1. HIP fees are calculated as follows: Administration fee of \$2.50 per week *plus* an Investment Indirect Cost Ratio of 0.85% for the MySuper option *plus* an indirect Asset fee of 0.28%.

2. Prime Super fees are calculated as follows: Administration fee of \$1.40 per week (\$72.80 p.a.) plus 0.5% p.a. of your account balance to \$100,000, then nil on amounts over \$100,000 *plus* an Investment indirect Cost Ratio of 0.68% for the MySuper option.

## What's next?

After the merger, you will receive an exit statement from HIP showing your account balance as at 30 April 2014. You will also receive a welcome letter from Prime Super and a product disclosure statement explaining your rights as a member of Prime Super. Please review and consider this important information carefully.

If you are a new member having joined since 11 April 2014, you will receive a Prime Super Product Disclosure Statement within 90 days as required by superannuation law, or you can access this information now at [www.primesuper.com.au](http://www.primesuper.com.au).

If you have any questions or would like further information on the issues contained in this notice, please call our information service on **1300 654 099**. To view the latest updates from HIP, visit the Newsboard section of the website at [www.hipsuper.com.au](http://www.hipsuper.com.au). Alternatively you can write to us at: Locked Bag 23, Haymarket NSW 1236.

Yours sincerely,



**Sirran Syme**  
Acting Chief Executive Officer  
Health Industry Plan