



PRIME SUPER COMMUNITY NEWS



Part of your Community

February 2009

An update from Access Capital Advisors: The Global Investment Environment

In the second half of 2008, there was a marked deterioration in the global investment environment, reflecting an intensification of the credit crisis and a sharp slowdown in global economic growth. In particular, there were a number of high profile corporate failures in many parts of the world including the US, Europe and the UK. During this period, the major developed economies (the US, Japan and Europe) experienced recessionary conditions and the Australian economy slowed noticeably. While the official data for the December quarter 2008 is not yet available, the monthly growth indicators suggest that the major developed economies experienced a very sharp contraction during this period.

As almost all nations are slowing, they are now all weighing on each other, meaning the downturn has considerable momentum. In response to the financial crisis, governments and other authorities have introduced a range of new measures. This has included: aggressively cutting official interest rates and buying corporate debt securities to reduce market interest rates; guaranteeing bank deposits and debt to remove the risk of default and encourage lending; and injecting capital directly into vulnerable financial institutions (and some key non financial sector companies) to strengthen their balance sheets. In addition, large fiscal stimulus packages have been announced by many of the major countries including the US, China, Japan and Germany.

In 2009, the focus of markets is expected to be on the path of earnings growth, which will be heavily influenced by economic growth. The outlook for global economic growth is very uncertain. The consensus view is that the developed world is likely to contract in 2009, which would be its first contraction since World War 2.

The magnitude of the policy responses so far suggests that, despite the severity of this global recession, a global recovery may commence in late 2009. Financial meltdowns have a history of weighing on confidence (and hence demand). However, they do not persist indefinitely, allowing demand to lift back towards supply.

Assuming the global recovery commences later this year, official short term interest rates in most major economies may start to rise in late 2009 and continue their trek to normality during 2010.

In the early stages of the credit crisis, the impacts on the emerging economies were small, but now they too are slowing. Although the emerging economies look set to outperform the developed world, they appear likely to fall short of their respective performances of the past few years.

While Australia was affected by the progressive deterioration in credit conditions, it was partially insulated from the credit crisis due to the protection afforded by rapid growth in China and other emerging economies until mid-2008. However, there is growing evidence that the Chinese economy is experiencing a meaningful slowdown. With China's economy sharply weaker, the risk of recession in Australia in 2009 is heightened.

In summary, the global economy is facing a challenging period in 2009 and probably beyond. Governments may have to take further steps to extricate the advanced economies from recession and deal with the strains caused by slow growth in developing economies. There has been some improvement in the global investment environment since late November 2008, although credit conditions remain very onerous. While global policy responses are expected to eventually provide more favourable conditions for growth, the adverse effects associated with the deleveraging process may have further to run.



For help and answers to questions

You can request information and answers to any questions by:

Writing to Prime Super at:

PO Box 2229, Wollongong, NSW 2500

Calling Prime Super on freecall: 1800 675 839

Faxing Prime Super on freefax: 1800 023 662

Overseas callers: + 612 4298 6008

Email at: administration@primesuper.com.au

Visiting our website at: www.primesuper.com.au

Recognising innovation in rural businesses

Prime Super has a proud history of supporting rural and regional communities and industries. Rural businesses are an integral part of life in the bush and play an important role in maintaining the economic prosperity of the regions in which they are located. Innovation has always been the hallmark of rural businesses. In recognition of this Prime, together with the Northern Inland Regional Development Board, is proud to announce the launch of the 2009 Prime Business Innovation Awards for the Northern Inland Region of NSW.

The event will attract entries from across the New England North West region of New South Wales. The event is not totally about inventions. It is about acknowledging companies and individuals that are innovative in their marketing and business operations, of national and international services and products from an Australian regional location.

The classic definition of **INNOVATION** includes:

- A new idea, method or device
- A creative idea that is realised
- The successful exploitation of new ideas
- The capability for continuously realising a desired future state.

The Prime Northern Inland Innovation Awards are a collaboration between Prime Super, Federal, State and Local Government. They have been established to showcase and celebrate innovation across the New England and North West Regions of NSW.

The objectives of the Awards are to

- Identify emerging technologies and innovations within the Northern Inland Regional Development area of NSW
- To foster the development of systems to maximise assistance to and exposure for emerging technologies and innovations within the Northern Inland Development Area
- To establish formal linkages between key stakeholders who are capable of assisting in the development of our emerging technologies and innovations
- To attract other innovators and emerging technologies to the region that are in keeping with the region's culture

Nominations are invited from individuals or organisations currently producing or developing innovative techniques. These can be within any of the category fields.

Finalists will be selected by the Innovations Committee and invited to attend the Northern Inland Innovation Awards Night.

Past event winners have received wide exposure for their Awards in their local press as well as regional media outlets. This will mean that additional opportunities will be created for those businesses for sales of their products and/or services.

If you have questions about these Awards, or would like more information, please call your local Northern NSW

Prime Super Regional Development Manager,

Angela Clifford on **0428 288 554**.

Prime Super - Proud to be part of your Community



A new option for nominating your super beneficiaries

From time to time you will be reminded of the importance of nominating the beneficiaries of your superannuation entitlements in the event that you die. This is one of those grim subjects we would all prefer to avoid but it's also one of those jobs we know we need to attend to, to keep our affairs in order to protect our family.

Until recently, you had the option of completing a Nomination of Beneficiaries form to let us know the details of your preferred beneficiaries.

Prime Super has now introduced a new option for nominating the beneficiaries of your superannuation balance and insurance proceeds. This new option is called "Binding Death Beneficiaries" which offers some additional benefits.

The difference between using the new Binding Beneficiary and the existing Preferred Beneficiaries (you may use either option), for making your nomination is explained below.

Preferred Beneficiaries

The Trustee must comply with relevant legislation and will take a Preferred death benefit nomination into consideration when determining to whom your death benefit will be paid, but the Trustee is not bound to follow this nomination.

This means that if you have made a Preferred death benefit nomination, the Trustee may exercise its own discretion in determining the beneficiaries of any death benefit under Prime Super.

Binding Beneficiaries

If you want certainty about who will receive your benefit when you die, you can make a Binding death benefit nomination which (if valid and subject to superannuation law) binds the Trustee to pay your death benefit according to your wishes.

A Binding death benefit nomination can affect your estate planning, so please consider your options and circumstances carefully.

With either of the options, while you may nominate more than one person, the people you nominate must include one or more of the following at the time the Trustee pays the benefit:

- your current spouse or de facto
- your children, including step, adopted and ex-nuptial children
- any person/s financially dependent on you
- your legal personal representative - the executor or administrator of your estate
- a person in an interdependent relationship with you.

You can go to www.primesuper.com.au and log on to your account to access both options, however you will need to download a form and mail it back to us for the Binding Nomination option. You can also request a form for either option by calling freecall **1800 675 839**.



Drawing income from your super

If you are considering transitioning to retirement or even full retirement from the workforce, you don't necessarily need to delay your plans due to the current crisis in financial markets.

As a member of Prime Super you have an option to receive your benefits in the form of an income and it doesn't involve cashing in your existing investments and therefore realising recent losses. Your Prime Super savings simply transfer to one of the Income Stream products that you choose at their current value.

Here are some brief details of your Income Stream product options and you can find out more by calling us on 1800 675 839 and asking for a Product Disclosure Statement.

Option 1 - The Allocated Income Stream

An Allocated Income Stream lets you convert your superannuation into regular income in retirement with tax advantages and easy access to your capital.

All the money you pay into the Allocated Stream is placed into an account in your name and invested in the investment options you choose. Investment earnings, negative or positive, are paid into your account and payments to you are made from your account, which is also debited with any lump sum draw downs you may choose to make, Government taxes and other fees or charges. When you set up your account you choose your investment option or mix of options and can change this later if you wish.

You can join the Allocated Income Stream if you have:

- \$10,000 or more in superannuation funds to invest;
- reached age 65, or retired and reached your preservation age;
- met another condition of release such as becoming totally and permanently disabled; or
- an unrestricted non-preserved lump sum to invest.

Once you open an Allocated Stream account you can take money out but you can't put any more in. This means it's a good idea to consolidate your superannuation accounts before transferring them into the Allocated Stream.

Option 2 - The Non-Commutable Allocated Income Stream

A Non-Commutable Allocated Income Stream can give you a tax-effective Income Stream while you're still working.

A Non-Commutable Allocated Stream is similar to the Allocated Stream except it can give you a tax-effective Income Stream while you're still working and there are restrictions on when you can make lump sum withdrawals. Also, when you permanently retire or reach age 65, your Non-Commutable Allocated Stream will convert to an Allocated Stream. If you no longer want income from your Non-Commutable Allocated Stream, you can roll the balance of your account back to your Prime Super Account (or other fund). It's also easy to start up income payments again if you decide to do so.

If you have reached your preservation age you can rollover your super money into the Non-Commutable Allocated Income Stream while you continue to work. This means that you can keep the same level of net income and increase your superannuation savings at the same time. This is done by reducing your tax through salary sacrificing and paying the pre-tax equivalent of the income you draw from the Income Stream into your Prime Super Account.

Other benefits include reducing your working hours without

sacrificing lifestyle since your salary is supplemented by regular payments. You can also continue working and use the additional income however it suits you.

There is no work test and no cap on the amount you can rollover to start your Non-Commutable Allocated Income Stream. All the money that you pay into the Non-Commutable Allocated Income Stream is placed into an account in your name and invested in the investment options that you choose. When you set up your account you select your investment option, or mix of options, and can change this later if you wish.

You also choose the number of payments that you wish to receive and the frequency of payments, which can be monthly, quarterly, half yearly or yearly. Investment earnings (negative or positive) are paid into your account and regular payments are drawn from your account. Your account may also be debited with any lump sum draw downs that you may be entitled to make, Government taxes and other fees and charges.

The total annual amount that you choose to receive must comply with a limit set by the Commonwealth Government. Currently the limit is 10% of your account balance. Your Non-Commutable Allocated Stream will continue until your account value reaches zero.

Lump sum withdrawals can only be made if you have satisfied a condition of release such as reaching your preservation age (and others which apply to lump sum super benefits). To find out more about your preservation age or conditions of release refer to the Prime Super or Income Stream Product Disclosure Statements.



About BCU - Your community Credit Union

Like Prime Super, BCU prides itself on being different from the rest. The community credit union was formed by a group of banana growers on the NSW north coast almost 40 years ago. Still owned entirely by its members, BCU is not answerable to external shareholders. Instead, profits are returned to members through affordable loans, loyalty rebates, community sponsorships and educational programs.

With such a strong community ethic and an expanding network of 23 branches, BCU's grass roots service and innovative products provide maximum convenience at a minimum cost to members. With a call centre based in NSW and 24-hour internet banking through iBank, members can take advantage of BCU's service, regardless of where they live!

Always taking customer service that little bit further, BCU offers specialised agri-lenders and mobile business service officers in some areas who are trained to streamline your accounts and suggest products that will best suit your needs. Wouldn't it be nice to spend less time worrying about your banking and more time growing your business?

BCU was recently awarded two of Money magazine's Best of the Best awards for 2009. The credit union is overseen by the regulatory body APRA and covered by the Government's deposit guarantee.

For more information on how BCU can save you money and streamline your banking, call 1300 228 228.

BCU, LifeLine and Prime Super working together in regional communities

Anyone who has ever been part of a non-profit community group will understand the challenges these organisations face.

Often, it's the same dedicated committee members responsible for arranging fundraising and there are only so many raffles, cake stalls and guessing competitions you can expect people to empty their pockets for. Despite limited revenue, there are always rising costs to meet, like liability expenses.

Lifeline is an organisation that provides telephone support to Australians in distress or despair, answering around 450,000 calls each year. Prime Super has made a commitment to assist Lifeline in meeting the financial demands associated with this service, with the help of community credit union, BCU.

Through its Community Saver Accounts, BCU makes it possible for you to support a recipient organisation financially, without dipping into your own funds.

Simply by opening a CSA and nominating Prime Super's preferred recipient Lifeline, you can help this valuable organisation.

Each year, as your savings grow, BCU will donate the equivalent of 1% of the average balance of each CSA account to Prime Super who will in turn pass it on to Lifeline.

In addition to the satisfaction of helping Lifeline, CSA account holders benefit from **fee-free banking**, no minimum balance and free internet and phone banking, and free transfers between their BCU accounts. Interest is calculated on a tiered basis.

Call 1300 228 228 or visit www.bcu.com.au TODAY to find out more about helping Prime Super support Lifeline.



Prime Super, serving your community

For answers to any questions about your membership in Prime Super or for more information about the content of this newsletter, you can contact your local **Prime Super Regional Manager**:

Regional Manager - Western Victoria, South Australia and Southern NSW:

ROD STEWART

Telephone: 03 8622 9375

Mobile: 0428 558 158

Facsimile: 03 8622 9380

Regional Development Manager - Northern Rivers NSW, South Eastern and Central Queensland, Northern Territory:

WAYNE WRIGHT

Telephone: 07 4637 9848

Mobile: 0407 777 449

Facsimile: 07 4638 1359

Regional Manager - Eastern Victoria and Tasmania:

DAVID LEISHMAN

Telephone: 03 8622 9381

Mobile: 0448 330 110

Facsimile: 03 8622 9380

Regional Manager - Western Australia:

PAT BREUER

Telephone: 08 6430 8005

Mobile: 0429 410 426

Facsimile: 08 6430 8099

Regional Development Manager - Central and Northern NSW:

ANGELA CLIFFORD

Telephone: 02 6766 7295

Mobile: 0428 288 554

Facsimile: 02 6766 1872

Regional Development Manager - Central, Northern Coast and Far North Queensland:

ASHLEY GRAHAM

Telephone: 07 4121 2011

Mobile: 0409 030 722

Facsimile: 07 4121 0811

You can also contact our call centre for help or for your copy of a Prime Super Product Disclosure Statement on 1800 675 839.



Call 1800 675 839

www.primesuper.com.au

This publication contains general information only and does not take account of your personal circumstances. You should obtain personal advice where appropriate. Prime Super is issued by Farm Plan Pty Limited (ABN 81 067 241 016, AFSL 219723). A Product Disclosure Statement is available from the issuer by phoning 1800 675 839. You should consider the Product Disclosure Statement in deciding whether to acquire, dispose of or continue to hold this product.