

## Welcome to this edition of Prime Super's Community News.

It's no secret that the last twelve months haven't been great for super returns. The global financial crisis has led to significant falls in share markets around the world and in many cases the value of share markets have fallen to half their peak value. The effects continue to be felt all over the world and experts are predicting volatile investment markets into the future.

However despite the battering that super took this year, it's important to remember that super is a long term investment and these short term setbacks, no matter how severe, can and will be recovered.

## Does our "she'll be right" attitude expose us to increased risk?

Not many people wake up in the morning and think about all the things that could go wrong. In fact, Australians are a pretty optimistic bunch and our positive attitudes have helped us weather many storms.

But new research from the Investment and Financial Services Association (IFSA) has revealed that our 'she'll be right' attitude has left many of us financially vulnerable when things do go wrong. In fact, Australia even has the dubious honour of being one of the most underinsured nations in the developed world.

### Even when we are insured, it's not enough

New life insurance claims figures released by IFSA show Australian families received an average payout of just \$91,000 on the death of their partner in 2008..

According to IFSA's deputy CEO John O'Shaughnessy, \$91,000 is not enough especially when you consider that the average Australian family with young children has debts totalling \$167,000.

Average payouts for total and permanent disablement during 2008 tell a similar story with nearly \$71,000 paid out on average to Australians who were disabled and unable to work again.

"When you consider the fact that with many disabilities you cannot work or earn an income again, not to mention the care and home modification costs and ongoing living expenses, these levels of coverage are simply not sufficient," says John.

### She'll be right, right?

Not always. If you injure yourself and are unable to work, could you afford to live without your salary? How long could you survive before being unable to pay your mortgage or rent, essential bills, school fees or medical costs?

And what if you died? Would your family be able to pay for your funeral or medical expenses? Would the mortgage and other household bills still get paid?

If the answer to any of these question is no, you should really consider protecting your family's financial security and speak to a professional about your insurance options.

### I'm ok, I've got insurance through my super

Most Australians will have some default cover through their super fund. However it's important that you review your level of cover regularly so that it's right for your circumstances.

### Review your level of cover regularly

It's a good idea to review your level of insurance if you:

- Have recently married or divorced
- Have recently had a child or grandchild
- Have refinanced your home mortgage in the past six months
- Have recently bought a new home
- Provide care or financial help to a child or parent
- Want to ensure that financial resources are available to provide assistance or long-term care for a loved one
- Have received a lump sum of any kind including an inheritance or redundancy package
- Have retired or your spouse has retired
- Have started a business

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## Have you seen our new website?

If you've visited our website recently, you'll no doubt have noticed that it's changed. We've torn it apart and put it back together so that it easier for you to find what you're looking for.

[www.primesuper.com.au](http://www.primesuper.com.au)

## Go online for your chance to win \$1000

Simply register or log on to our online member services before 31 October 2009 and update your details to go in the draw to win \$1000.\*

\*Conditions apply. Total prize pool consists of one first prize of \$1000 awarded to the first eligible name drawn. The competition will run from 28/09/2009 to 31/10/2009. The draw will be held on 16/11/2009 at Prime Super (the promoter), Level 15, 190 Queen Street, Melbourne, 3000. The winner's name will be published in The Australian Newspaper on 27/11/2009. ACT Licence No ACT TP09/03003, NSW License No LTPS/09/06950. For full terms and conditions visit [www.primesuper.com.au/competitions](http://www.primesuper.com.au/competitions)

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### Ok, so how much is enough?

The answer will depend on your individual circumstances, but some basic principles apply.

Working out the right amount of life insurance requires you to think about how much you would need to pay off all your debts, how much money you'll need to pay funeral costs, and how much you'd like to leave your family to meet their future financial obligations if you were to die.

According to industry experts, full-time workers in their mid 30's with young children need at least 10 times their taxable earnings in life cover. So if you earn \$50,000 a year, you should cover yourself for at least \$500,000.

### What types of cover are available?

**Death cover:** provides a lump sum to you if you become terminally ill or a lump sum to your family if you die.

**Total and Permanent Disablement (TPD) cover:** provides a lump sum if you become totally and permanently disabled.

**Income Protection insurance:** provides up to 75% of your regular income for up to two years if you have an illness or injury that prevents you from working.

**Trauma cover:** provides you with a lump sum if you suffer one of a number of specified medical conditions.

Prime Super offers death, TPD and income protection cover and gives you access to trauma cover through our insurer.

You can apply for death and TPD cover for up to \$2 million. You can also buy additional cover through the fund if you want to increase your existing cover.

For more information on the types of insurance products we offer, visit [www.primesuper.com.au](http://www.primesuper.com.au) or call us on 1800 675 839 and we'll send you a copy of our insurance guide.

It makes sense to take out insurance cover through Prime Super

- It's low cost - Prime Super gets bulk discount insurance rates so your premiums are cheaper. Plus because your premiums are deducted directly from your member account, it's more tax effective.
- It's accessible - You have access to automatic default cover without having to do anything other than join as a member.
- It's simple - Products are not too complicated to understand and are explained in our comprehensive insurance guide.

### Free accident cover for up to 90 days

While you are applying for any Death or Death and TPD cover or Income Protection cover you will receive free accident cover for up to 90 days from the date the insurer receives your application. For more information call customer service or visit our website.

To top up your existing level of cover or for new cover call our customer service centre on **1800 675 839**.

## Do we have your tax file number?

If we don't have your TFN, you won't be allowed to make personal contributions and the Australian Tax Office may deduct triple the tax from your employer super contributions! To notify us of your tax file number call customer service on **1800 675 839**.

### The hard truth

- According to the Australian Bureau of Statistics, in 2005-06, almost 690,000 people experienced a work-related injury or illness - almost two-thirds of those injured workers were men.
- According to the Australian Government, in 2005-06, more than 50,000 people were hospitalised due to transport accidents and more than 31,000 hospitalised due to motor vehicle accidents.
- According to the Australian Government, more than 1,600 people die on Australian roads every year, most aged 26 - 59 years.
- According to the Cancer Council of Australia, one third of women and a half of all men will suffer cancer at some stage in their lifetime - over half of whom will live for longer than five years after diagnosis.
- According to the Heart Foundation, cardiovascular disease (heart disease, stroke and blood vessel disease) affects more than 3.7 million Australians. That equates affects one in five Australians and two out of three Australian families.

## Federal Budget 2009 - Important changes to your super

This year's federal budget proposed a number of changes to super. Here are the key changes.

### Reduction to concessional contributions cap

The concessional contributions cap is the maximum amount of money that can be contributed to your super savings at the 15% concessional tax rate.

Concessional contributions include your employer's Superannuation Guarantee (SG) contributions and those made under a salary sacrifice arrangement. It also includes self-employed contributions claimed as a tax deduction.

From 2009-2010, the maximum concessional contributions cap will be halved from \$50,000 to **\$25,000** a year for those aged **under 50**.

For those **aged 50 and over** the maximum will also be halved from \$100,000 to **\$50,000** a year for the 2009/2010, 2010/2011 and 2011/2012 financial years (and is not indexed). From 1 July 2012 the limit will revert to **\$25,000** (and will be subject to indexation in future years).

Contributions over the cap amount are subject to extra tax called the excess concessional contributions tax.

If you have more than one fund, all concessional contributions made to all your funds are added together and count towards the cap.

There is no change to the non-concessional contribution limits currently in place. Non-concessional contributions are personal contributions made from your post-tax pay and any spouse contributions or self-employed contributions not claimed as a tax deduction.

### Temporary reduction of co-contributions rates and rebate

The government will temporarily reduce the super co-contribution matching rate and maximum contribution amount. However, both will return to their 2008/2009 rates in July 2014.

Contribution Year	Co-Contribution Matching Rate	Maximum Co-Contribution rebate
2008-2009	150%	\$1,500
2009-2010	100%	\$1,000
2010-2011	100%	\$1,000
2011- 2012	100%	\$1,000
2012- 2013	125%	\$1,250
2013-2014	125%	\$1,250
2014 onwards	150%	\$1,500

Increase in Age Pension eligibility age

The age pension age will be increased to age 67 by July 2023. The increase will be phased in from 1 July 2017. This change will eventually apply to all age pensioners.

Date	Current age	New pension age	Affects people born
1 July 2017	55.5-57	65.5	1 July 1952 - 31 December 1953
1 July 2019	54-55.5	66	1 January 1954 - 30 June 1955
1 July 2021	52.5-54	66.5	1 July 1955 - 31 December 1956
1 July 2023	Up to 52.5	67	1 January 1957 onwards

What type of retirement do you have planned?

If you dream of a retirement jam packed with travel, day trips, hobbies, a nice car and even private health insurance you may need to check your current level of super contributions.

With help from the maturing compulsory superannuation system (Superannuation Guarantee) currently at 9% of salaries, we will now retire with more super retirement benefits than the generations before us.

However for many of us our employer contributions alone will not afford us the comfortable or even modest retirement lifestyle we might dream of.

The Association of Superannuation Funds of Australia suggests that you need 60% of your annual working income for a comfortable retirement and recommends additional contributions of between 5 - 14% for people 25 years from retirement. This figure jumps to between 19 - 35% for those with 15 years to retirement so the sooner you start contributing the more comfortable your retirement will be.

The table below shows the additional amount that needs to be saved above the current 9% SG to achieve target retirement incomes of \$21,000, \$30,000 or \$45,000.

The target retirement incomes sought are based on 60% of the final pre retirement income figures of \$35,000, \$50,000 or \$75,000.

Final income	\$35,000	\$50,000	\$75,000
Retirement income sought	(\$21,000 pa)	(\$30,000 pa)	(\$45,000 pa)
10	37%	51%	59%
15	19%	29%	35%
20	10%	17%	22%
25	5%	10%	14%
30	2%	8%	10%
35	0%	3%	8%
40	-	1%	3%

(Table taken from ASFA research and resource centre report on "The Age Pension, superannuation and Australian retirement incomes" Dec 2008)  
Assumptions: 9 percent SG already paid by employer, includes value of age pension, nominal fund earnings of 7 percent after fees and taxes and 15 percent contributions tax and 15 percent earnings tax are payable, no superannuation at the start of the period.

Want to start contributing today?

Setting up a salary sacrifice arrangement with your employer or making personal contributions and utilising the governments co-contributions scheme can significantly improve the standard of your retirement.

To find out more about how to contribute to your super call our customer service centre on **1800 675 839** or visit [www.primesuper.com.au](http://www.primesuper.com.au)

GFC survival guide

You can't turn on the TV or pick up a newspaper without hearing about the global financial crisis. And while the experts keep telling us that things will get better, in the meantime here are some smart tips to help you ride out the GFC.

- **Draw up a budget.** Your budget doesn't need to be fancy but it should show you what you earn and what you spend to cover all of your bills and expenses. A budget can help you track your spending habits and show you how much more you can afford to put toward your retirement savings. For tips on how to draw up a budget visit [www.understandingmoney.gov.au](http://www.understandingmoney.gov.au)
- **Pay off high interest debt.** Personal loans, credit card and store card debts usually charge high interest rates. These debts can cost you more in the long run. Paying more than the minimum each month will help pay these debts off faster and save you a packet in interest payments. If you have more than one high interest debt, you could consider consolidating your debts to minimise your overall interest payments. You'll also save on the fees and charges you pay for each debt.
- **Take advantage of the government's co-contribution scheme.** If you earn under \$60,342 pa the government will match all post tax payments you make to your super (up to a maximum of \$1000 for 2009/2010). To see how much you're entitled to visit the Australian Tax Office website [www.ato.gov.au](http://www.ato.gov.au) or call them on **13 10 20**. To find out how to start making your own contributions to your super call us on **1800 675 839**.
- **Find your lost super.** It could pay to find out if you're entitled to a share of the \$13 billion of lost super. All you need is your tax file number. Simply go to ATO's SuperSeeker website [www.ato.gov.au/super](http://www.ato.gov.au/super) or call them on **132 865**. The service is free and available 24/7. Plus if the balance of your lost super account is less than \$200 you may be entitled to it straight away. However as you never had the cash in the first place it makes sense to roll any found super into your Prime Super account to help boost your super savings.
- **Start to salary sacrifice.** Some people can reduce their tax bill by sacrificing some of their pay into super. Paying more money to super now also means more money for you when you retire. Ask your employer if they will set up a salary sacrifice arrangement for you. For more information call us on **1800 675 839** or visit our website.

Want to understand money?

The Federal Government has launched an information campaign on financial literacy called 'Understanding Money.'

The aim of the campaign is to raise awareness of the benefits of financial literacy and encourage people to engage with information and resources to help them make the most of their money.

If you would like further information visit [www.understandingmoney.gov.au](http://www.understandingmoney.gov.au). You can also call **1800 236 235** for a free Understanding Money handbook.

## Changing jobs?

### Do I need to change funds if I change jobs?

No. If you leave your employer you don't have to leave the fund. You can keep your super with us (and keep any insurance benefits you have with us) and have your new employer contribute to Prime Super.

### I am changing industries? Can I still maintain my Prime Super account?

Of course. We are a national and transportable fund open to all Australians. Just ask your new employer to contribute to your existing account.

### I move seasonally and sometimes work interstate. What do I need to do about my Prime Super account?

Prime Super is a national fund and any employers across the country can contribute to your account. Just make sure we get your new contact details when you move address.

### I've had a few employers and a few superannuation accounts, what could I do?

It makes sense to combine multiple super accounts into one. It will make your super easier to manage and will save you paying more than one set of fees.

To consolidate all of your accounts to Prime Super all you have to do is fill in a form and we'll do the rest.

Although we don't charge you to transfer your money into your Prime Super account, it's a good idea to check if your other funds charge any exit fees. You should also check that the amount of insurance you had with them is covered with your current level of insurance in your Prime Super account.

For a copy of the form to consolidate your super or to check the level of insurance you currently have with us, give us a call on **1800 675 839**.

## Prime Super members receive discounted rates\* on Manchester Unity's range of health covers.

Manchester Unity is part of the HCF Group and has been looking after the health of Australians for more than 165 years. And now they're looking after Prime Super members.

Any Prime Super member that joins or switches to Manchester Unity will receive a discounted rate\* on their health insurance premiums. Plus, you'll be able to claim straight away on extras benefits usually requiring a two month waiting period#.

### What are you waiting for?

To take advantage of this great offer or for more information on Manchester Unity's range of health insurance products call **1800 733 908** or email [primesuper@manchesterunity.com.au](mailto:primesuper@manchesterunity.com.au)

\*Discounted rates are not available on Health Cover Plus Extras only

#Reduced waiting periods do not apply to pre-existing illnesses or ailments, obstetric conditions or to benefits that have longer waiting periods. This offer applies to a combined hospital & extras cover.



# Call 1800 675 839

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## Celebrating innovation

Earlier this year, Prime Super was the major sponsor of the 2009 Prime Super Northern Inland Innovation Awards.

The Innovation Awards are run by the Northern Inland Regional Development Board and celebrate the application of creative thinking in business to bring about improvements in skills, products, methodologies or processes. The awards give businesses at all levels the chance to demonstrate that with innovative thinking, there are major advantages in being located in a regional area.

The 2009 awards attracted so many high quality entries from across the New England North West region of New South Wales that the judges had an extremely hard time picking just one winner in each category.

### But there can only be one overall winner

Congratulations to Training Resource and Multimedia Studio (TRaMS) - an innovative publishing company specialising in applying multimedia techniques - for their exciting online interactive training package.

If you would like more information on these awards, please contact us on **1800 675 839**.

## Has the GFC turned you into a worry wart?

The current fragile state of the world economy has generated increased financial stress for many.

Results of a recent Newspoll survey commissioned by Lifeline found that 67% of Australians report finances as a key cause of stress in their life.

Increased stress in any area of your life can have an adverse affect on your emotional, physical and social wellbeing.

Financial pressures can also affect relationships and create conflict.

A number of Lifeline centres offer financial counselling services that assist individuals with assessing their situation, identifying options and taking practical steps to improve their financial status.

Here are some tips for relieving financial stresses:

- Understand your financial situation and take control. Get advice if you need it.
- Consider your priorities - focus on essentials and forget about luxuries. You should also learn the difference between good debt (asset building) and bad debt (credit card debts).
- You can't control everything - there are external environmental factors at play. Control what you can and learn to manage what you can't.
- Make small steps to improve your situation - change won't happen immediately, it's a long-term commitment.
- Don't live in denial - if you have financial problems acknowledge them now, don't wait for the situation to get worse.
- If you feel you are not coping emotionally, seek help from a counsellor or call Lifeline on 13 11 14.

# www.primesuper.com.au