

Important information for members

August 2013



Changes to Prime Super's MySuper option

Background

We recently wrote to all members to provide detailed information about Prime Super's MySuper option.

At the time we wrote to members, the legislation did not allow super funds to cap fees in a MySuper option. This meant that we couldn't offer our current Default option as a MySuper option – as many Funds have been able to do – as we have a fee cap in place (which is a fantastic benefit for members).

We were therefore going to have to establish a separate MySuper option into which all members with *total* amounts invested in Default, would be transferred.

However, for members with an account balance of \$100,000 or more whose *total* account balance was invested in our Default option, this would mean paying higher fees when they were transferred (by law) to the new MySuper option – as the fee cap wouldn't apply.

As such, we offered those members the option to elect *not to be transferred* to the MySuper option, and to remain in the Default option where fee caps are in place.

Current situation

Good news – the fee cap restriction has been removed

The federal government recently passed legislation which removed the fee cap restriction.

This means that there is now no need to establish a separate MySuper option - our existing Default option is now our MySuper option, effective 1 July 2013, and has been renamed accordingly.

The same fee structure applies regardless of account balance, meaning that no member with *part* or *all* of their account balance invested in MySuper, will be worse off.

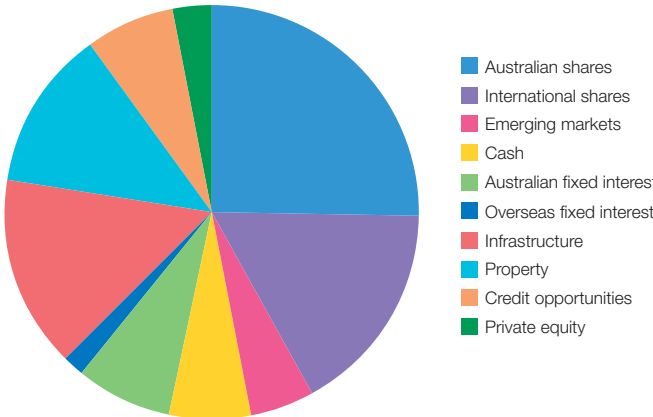
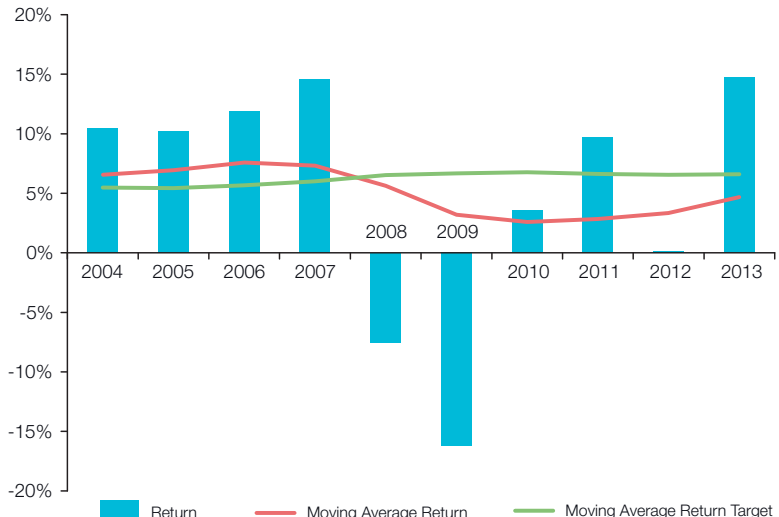
The Trustee has an obligation to promote the financial interests of a member in relation to a MySuper product held by the member. The Trustee is required by law to move all 'accrued default amounts' (that is, total amounts invested in the Default option) to a MySuper product by 30 June 2017. Your 'accrued default amount' – the amount of your account invested in the Default option as at 1 July 2013 as shown on your benefit statement – was transferred to the MySuper option on 1 July 2013.

As Prime Super's MySuper product is a rebrand of the Default option, all members with *any* amounts invested in Default (not just their total account balance) were also transferred to MySuper on 1 July 2013.

Please note that the contents of this table are prescribed by law.



MySuper Product Dashboard

Overview	For members who seek moderate to high returns over the medium to long-term and are prepared to accept some fluctuation in returns over the short-term. This option invests in a diversified range of investments.																							
Target asset allocation																								
Return target	CPI plus 4.0% p.a. (after tax and investment expenses) over the long term.																							
Return	<table><tr><th>For the year ended</th><th>Return</th></tr><tr><td>30 June 2013</td><td>14.78%</td></tr><tr><td>30 June 2012</td><td>0.17%</td></tr><tr><td>30 June 2011</td><td>9.70%</td></tr><tr><td>30 June 2010</td><td>3.56%</td></tr><tr><td>30 June 2009</td><td>-16.22%</td></tr><tr><td>30 June 2008</td><td>-7.52%</td></tr><tr><td>30 June 2007</td><td>14.60%</td></tr><tr><td>30 June 2006</td><td>11.91%</td></tr><tr><td>30 June 2005</td><td>10.18%</td></tr><tr><td>30 June 2004</td><td>10.43%</td></tr></table> <p>Please note: The net investment return reported is as required by law and is the investment return less the cost of investing and less administration fees and costs, based on an account balance of \$50,000. This return is not equivalent to the investment return reported elsewhere by the Fund, and may not be the return actually credited to your account.</p>		For the year ended	Return	30 June 2013	14.78%	30 June 2012	0.17%	30 June 2011	9.70%	30 June 2010	3.56%	30 June 2009	-16.22%	30 June 2008	-7.52%	30 June 2007	14.60%	30 June 2006	11.91%	30 June 2005	10.18%	30 June 2004	10.43%
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Comparison between Return target and Return	 <p>Please note: The investment return used for comparative purposes is based on a predecessor product. It should be noted that the asset allocation of this product has changed significantly over time, specifically the growth asset ratio of the product in 2004 is far lower than the growth asset ratio of the product in 2013. The investment return target has changed during the comparison period. As a result of the change in the growth asset ratio of the option, the return target has also altered over the comparison period.</p>																							
Level of investment risk	Investment risk label - High Estimated number of years in each 20 years that it is estimated that negative investment returns will be incurred - 5.0																							
Statement of fees & other costs	For a member with a \$50,000 balance - \$663																							

Changes to the cost of insurance

The cost of insurance has increased in recent years and many super funds are advising members that there will be an increase in the cost of their insurance. Prime Super is not immune to the increasing premiums from its insurer and effective 1 November 2013 we will also be increasing the cost of our death and total and permanent disablement (TPD) insurance for all members. Please note that there is no change to our income protection insurance rates.

Rather than just increase our insurance premiums; we have also taken the opportunity to review our default cover arrangements.

Why have premiums increased?

Insurance costs in Australia have increased significantly in recent times. The increase in our insurance premiums by our insurer has been driven by the increased cost of business and our claims experience. We have done our best to keep costs down as much as possible for members and our increase of 25.9% on annual premiums is significantly less than many other industry funds. Plus our insurance cover is still cheaper when compared to the insurance offered by retail funds, banks or direct from insurance companies.

What's changing and when will the change take effect?

There are two changes – a change to the way we offer default cover and an increase in the cost of cover. Both of these changes will be effective from 1 November 2013. While the cost per unit has decreased, we are increasing the number of default units provided.

Why have we changed the Default insurance offering?

Rather than simply increase insurance premiums, we have taken the opportunity to also review our default cover arrangements.

We believe that these changes simplify our default cover and also provide members with more flexibility to ensure that they can have the most appropriate cover for their individual circumstances.

What does this mean for members?

Whilst each member will be paying the same amount for their default cover, the benefit amount will vary depending upon the member's age and whether they have been accepted as a standard, white collar or professional member.

We have provided some examples on the next page to illustrate the changes to our insurance cover.

At a glance

Unitised cover

	Current arrangement	New arrangement (from 1 Nov 2013)
Death only cover	\$1.00 per unit per week	\$0.67 per unit per week
Death & TPD cover	\$1.50 per unit per week	\$1.00 per unit per week
Default cover	2 units of Death & TPD cover per week = \$3.00 per member per week	4 units of Death & TPD cover per week = \$4.00 per member per week

Please see Table A for revised insurance amounts per unit of cover.

Fixed cover

Fixed cover costs will also increase by 25.9%. Please see Tables B & C for the new annual premium rates per \$1,000 worth of cover.

Income protection

There is no change to income protection premium rates or insured cover provided.

Example 1 – Default cover – death and TPD

Oliver is 30 and has default death and TPD cover.

	Standard		White collar		Professional	
	Current	New	Current	New	Current	New
No. of units	2	4	2	4	2	4
Cost	\$3.00 per week	\$4.00 per week	\$3.00 per week	\$4.00 per week	\$3.00 per week	\$4.00 per week
Benefit amount	\$125,000	\$132,400	\$312,600	\$331,200	\$343,800	\$364,000

Example 2 – Default cover – death only

Alex is 30 and has default death only cover.

	Standard		White collar		Professional	
	Current	New	Current	New	Current	New
No. of units	2	4	2	4	2	4
Cost	\$2.00 per week	\$2.68 per week	\$2.00 per week	\$2.68 per week	\$2.00 per week	\$2.68 per week
Benefit amount	\$125,000	\$132,400	\$312,600	\$331,200	\$343,800	\$364,000

Example 3 – Increased cover

Harry is 45 and has 5 units of death and TPD cover.

	Standard		White collar		Professional	
	Current	New	Current	New	Current	New
No. of units	5	10	5	10	5	10
Cost	\$7.50 per week	\$10.00 per week	\$7.50 per week	\$10.00 per week	\$7.50 per week	\$10.00 per week
Benefit amount	\$200,000	\$212,000	\$500,000	\$529,000	\$550,000	\$582,000

Example 4 – Fixed cover – death & TPD

Jane is 35 and has \$500,000 worth of fixed death and TPD cover. She is on the standard scale.

	Standard		White collar		Professional	
	Current	New	Current	New	Current	New
Benefit amount	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Cost	\$52.08 per mth	\$65.42 per mth	\$20.83 per mth	\$26.25 per mth	\$19.17 per mth	\$24.17 per mth

Example 5 – Fixed cover – death only

Bob is 40 and has \$500,000 worth of fixed death only cover.

	Standard		White collar		Professional	
	Current	New	Current	New	Current	New
Benefit amount	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Cost	\$36.67 per mth	\$46.25 per mth	\$14.58 per mth	\$18.33 per mth	\$13.33 per mth	\$16.67 per mth

What are your options if you're unhappy with the changes?

If you are unhappy with the changes we have made to our insurance cover you have until **1 November 2013** to contact us to discuss your options. You can call us on **1800 675 839** to discuss your options.

If you do not contact us, the cost of your cover (and the benefit amount) will change from 1 November 2013 and we will not refund any premiums for any changes you make to your cover after 1 November 2013.

Table A - Coverage for Death only and Death & TPD cover – Effective 1 November 2013

Age Next Birthday	Standard	White Collar	Professional
	Death only - \$0.67 per unit per week Death & TPD - \$1.00 per unit per week		
25 and under	\$23,800	\$74,100	\$81,500
26	\$25,700	\$75,900	\$83,400
27	\$27,500	\$77,600	\$85,300
28	\$29,400	\$79,300	\$87,300
29	\$31,200	\$81,000	\$89,100
30-40	\$33,100	\$82,800	\$91,000
41	\$31,400	\$78,600	\$86,500
42	\$28,700	\$71,900	\$79,100
43	\$26,800	\$67,100	\$73,900
44	\$24,900	\$62,200	\$68,500
45	\$23,000	\$57,600	\$63,400
46	\$21,200	\$52,900	\$58,200
47	\$19,700	\$49,300	\$54,200
48	\$18,300	\$45,700	\$50,200
49	\$16,900	\$42,400	\$46,600
50	\$15,800	\$39,400	\$43,300
51	\$14,600	\$36,400	\$40,100
52	\$13,100	\$32,800	\$36,100
53	\$12,100	\$30,200	\$33,200
54	\$11,200	\$28,100	\$30,900
55	\$10,100	\$25,300	\$27,800
56	\$9,200	\$23,000	\$25,400
57	\$8,500	\$21,200	\$23,300
58	\$7,600	\$19,100	\$21,000
59	\$6,900	\$17,200	\$19,000
60	\$6,100	\$15,400	\$16,900
61	\$5,400	\$13,500	\$14,900
62	\$4,900	\$12,200	\$13,400
63	\$4,300	\$10,900	\$12,000
64	\$3,800	\$9,400	\$10,400
65*	\$3,200	\$7,900	\$8,700
66-70*	\$2,600	\$6,500	\$7,100

* For TPD cover, Part C of the TPD definition as outlined in the 'Why choose Prime Super?' brochure applies.

Table B - Fixed cover – Death & TPD – Annual premium rates per \$1,000 of cover – Effective 1 November 2013

Age Next Birthday	Standard	White Collar	Professional
25 and under	\$2.19	\$0.71	\$0.64
26	\$2.03	\$0.69	\$0.63
27	\$1.90	\$0.67	\$0.62
28	\$1.78	\$0.65	\$0.59
29	\$1.67	\$0.64	\$0.59
30-40	\$1.57	\$0.63	\$0.58
41	\$1.66	\$0.67	\$0.60
42	\$1.81	\$0.73	\$0.65
43	\$1.94	\$0.78	\$0.71
44	\$2.10	\$0.84	\$0.77
45	\$2.27	\$0.91	\$0.82
46	\$2.47	\$0.98	\$0.89
47	\$2.64	\$1.06	\$0.96
48	\$2.86	\$1.15	\$1.03
49	\$3.08	\$1.23	\$1.12
50	\$3.31	\$1.32	\$1.21
51	\$3.59	\$1.44	\$1.30
52	\$3.98	\$1.59	\$1.45
53	\$4.32	\$1.72	\$1.57
54	\$4.65	\$1.86	\$1.69
55	\$5.16	\$2.06	\$1.88
56	\$5.67	\$2.27	\$2.06
57	\$6.16	\$2.47	\$2.24
58	\$6.85	\$2.73	\$2.49
59	\$7.58	\$3.03	\$2.76
60	\$8.50	\$3.40	\$3.08
61	\$9.66	\$3.87	\$3.51
62	\$10.71	\$4.28	\$3.89
63	\$12.01	\$4.81	\$4.37
64	\$13.87	\$5.54	\$5.04
65*	\$16.42	\$6.57	\$5.97
66-70*	\$20.11	\$8.01	\$7.28

* For TPD cover, Part C of the TPD definition as outlined in the 'Why choose Prime Super?' brochure applies.

Table C - Fixed cover – Death only – Annual premium rates per \$1,000 of cover – Effective 1 November 2013

Age Next Birthday	Standard	White Collar	Professional
25 and under	\$1.46	\$0.47	\$0.43
26	\$1.36	\$0.45	\$0.42
27	\$1.26	\$0.45	\$0.40
28	\$1.18	\$0.44	\$0.40
29	\$1.11	\$0.43	\$0.39
30-40	\$1.04	\$0.42	\$0.38
41	\$1.11	\$0.44	\$0.40
42	\$1.21	\$0.48	\$0.44
43	\$1.30	\$0.52	\$0.47
44	\$1.40	\$0.55	\$0.50
45	\$1.51	\$0.60	\$0.55
46	\$1.64	\$0.65	\$0.59
47	\$1.76	\$0.71	\$0.64
48	\$1.90	\$0.76	\$0.69
49	\$2.05	\$0.82	\$0.74
50	\$2.20	\$0.88	\$0.81
51	\$2.39	\$0.96	\$0.87
52	\$2.64	\$1.06	\$0.97
53	\$2.88	\$1.16	\$1.04
54	\$3.10	\$1.23	\$1.13
55	\$3.44	\$1.37	\$1.25
56	\$3.78	\$1.51	\$1.37
57	\$4.10	\$1.64	\$1.50
58	\$4.56	\$1.83	\$1.66
59	\$5.05	\$2.03	\$1.84
60	\$5.67	\$2.27	\$2.06
61	\$6.45	\$2.58	\$2.34
62	\$7.14	\$2.86	\$2.59
63	\$8.01	\$3.21	\$2.91
64	\$9.25	\$3.69	\$3.35
65	\$10.95	\$4.38	\$3.98
66-70	\$13.41	\$5.34	\$4.86

Questions or concerns?

If you've got any questions or concerns about Prime Super's MySuper option or the upcoming changes to our insurance offering, please contact your Regional Manager or our customer service centre on **1800 675 839**.

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