

Super Bulletin

AN EMPLOYER'S UPDATE

DECEMBER 2007

Welcome to the December 2007 issue of Super Bulletin. This issue covers the recent changes to our insurance arrangements and other innovative developments at First State Super. Please feel free to circulate this bulletin to your work colleagues.

New insurance for First State Super members

In October 2007 members were sent a mail pack informing them of the changes that will occur to insurance arrangements held within the Fund. The changes were introduced on 1 December 2007.

For insurance purposes, members are considered to be an employer sponsored members if we have received a SG contribution from a participating employer on the member's behalf and we have not been advised of the member's termination of employment with this employer.

Death and Total and Permanent Disablement (TPD) cover

- The level of Basic cover for employer sponsored members increased automatically from one unit of cover to 3 units of cover. Eligible members had to be actively at work* on 30 November 2007, otherwise any increase in Basic cover did not apply to any pre-existing illness or injury until they are actively at work.
- The premium increased from \$5 each month to \$15 each month for Death and TPD, or \$2.38 each month to \$7.14 each month for Death Only.
- The amount of Additional units of insurance cover for the amount of premium payable has increased.
- For fixed amounts of Additional cover, the premiums decreased.
- The maximum amounts of Death and TPD cover that can be applied for has increased to \$5 million for death and \$2 million for TPD.
- Death Only and Death and TPD cover extended from age 65 to age 70, however, a limited definition of TPD applies from age 65.
- All new Additional insurance is occupationally rated. Employer sponsored members have the opportunity to apply to have their existing Additional cover reassessed at occupational rates.

Special offers

There are two special offers for employer sponsored members of the Fund as at 1 December 2007 – they can apply, by 31 January 2008, for:

- a Start Up Bonus unit of Basic cover, giving a maximum of 4 Basic cover units, and/or
- Income Protection cover of up to a maximum amount depending on their employer's insurance rating if they did not hold this cover in the Fund as at 1 December 2007.

Each offer requires the member to be actively at work* on 30 November 2007 and to provide limited health and occupational evidence (other conditions also apply). The form to use is called 'Special Offer for existing members'.

*See 'Super terms explained' on the website for more information.

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New insurance – special offers (continued)

Basic Plus cover has changed, in the past if a member was eligible for Basic Plus cover, Basic Plus cover was only applied to the automatic one Basic unit of cover. If a member becomes eligible for Basic Plus from 1 December 2007 the Basic Plus rating will apply to all insurance the member holds in the Fund, including income protection.

Income Protection cover

- For Income Protection cover, the premiums either remain the same or decrease.
- 14, 30 and 60-day waiting periods have been introduced.
- A range of terms and conditions for Income Protection cover has been improved.

Update your First State Super stock

When dealing with First State Super it is important to use the most up to date forms and fact sheets. Outdated information can cause confusion and may slow down some administration processes.

With the implementation of the new insurance arrangements a new supplementary Product Disclosure Statement must be issued with the Part One and Part 2 Product Disclosure Statement. In total, new employer-sponsored division members will receive three booklets that form the Product Disclosure Statement for the Division. Changes have also been made to our forms and fact sheets to reflect the insurance changes.

If you have stocks of the following forms, fact sheets, and product disclosure statements dated earlier than 1 July 2007 please destroy and reorder your stock.

Member forms

New

- Special offer for existing members (FSS 041)
- Special offer insurance variation (FSS 019)
- Start up bonus cover for new members (FSS 042)
- Application to change insurance category rating (FSS 043)
- Application to transfer insurance (FSS 046)

Updated – destroy and reorder the following forms

- Insurance Application/Personal health statement (FSS 014)
- Insurance variation/cancellation (FSS 016)
- Insured members change of employment advice (FSS 031)

Obsolete – destroy the following form

- Basic Plus Application – Short form health statement (FSS 029)



Fact sheets

Destroy and reorder the following fact sheets

- Insurance cover Fact sheet 7.1
- Making an insurance claim Fact sheet 7.3

New – Supplementary Product Disclosure Statements

- Employer Sponsored Division Supplementary Product Disclosure Statement dated 1 November 2007
- Personal Division Supplementary Product Disclosure Statement dated 1 November 2007.

First State Super wins Retirement Product of the Year



On 2 November 2007 First State Super was named the Rainmaker SelectingSuper's Retirement Product of the Year.

First State Super's retirement product was introduced just over one year ago in October 2006; accordingly we are very pleased to have received the award from one of the industry's best-known researchers.

Spurred on by the choice legislation, super funds and retirement products have tried to differentiate themselves, which makes them difficult to compare. Research companies like Rainmaker provide guidance to members and employers when it comes to choosing a super fund.

As part of the assessment program, Rainmaker selected 25 semi-finalists from its pool of AAA-rated funds. The funds are assessed on things like

organisational strength, administration, communications, investment performance, insurances, fees and charges, and extra services. Once the semi finalists are selected they are subject to rigorous benchmarking and judged on a quantitative and qualitative analysis of their performance and by the innovative features introduced over the past twelve months.

For more information about the awards visit www.firststatesuper.com.au/OurPerformance/AwardWinningFund

What's new on the website?

Retirement tools

In the latest member survey, members told us that they wanted simple options for their retirement and tools to help them sort through the complexities.

Members can now choose from a retirement income stream or a transition to retirement income stream and will find easy to use calculators on our website to work out:

- retirement income payments
- tax offsets (rebates)
- the tax effectiveness of working and drawing on super at the same time
- how other retirement products compare with First State Super.

Options 55-plus calculator

This calculator is designed for employees aged 55 to 75 years old and thinking of a transition to retirement income stream (TRIS). It looks at changes to take home pay and super balances when income from employment is combined with TRIS income, and how salary sacrifice contributions can decrease income tax.

Visit our website under **Calculators** and click on the **Options 55-plus** calculator link.

Comparing pension products

Any visitor to our website can use the **AppleCheck pension** tool to compare key features of over 80 retirement products on an 'apples with apples' basis.

This service is provided by Chant West Financial Services ABN 75 077 595 316, AFSL 255320, a specialist superannuation research and consultancy firm. It is a separate and unrelated company to the Trustee.

Visit our website under Compare Us and click on the Pension AppleCheck button.



Insurance information and help

With our insurance upgrade we have added new and updated tools to the website.

New forms have been designed for members to:

- Take up the special offers of Start Up Bonus cover
- Apply for the improved Basic Plus cover
- Apply to have additional insurance occupationally rated
- Apply for or change income protection cover
- Decline the upgrade to three units

New frequently asked questions to answer questions such as:

- What are the changes to the existing insurance arrangements?

- Can I get the Start Up Bonus cover?
- How does Basic Plus work? Is it different from before?
- How do I apply for income protection or additional insurance?
- I don't want the automatic increase in insurance cover, what do I need to do?
- What's the difference between an occupational rating and an employer rating?

Upgraded insurance calculator

Based on the data inputted by the member, the insurance calculator estimates the amount and cost of the new insurance options available through First State Super.

Visit our website under **Calculators** and click on the **Insurance calculator** link



Check out our new insurance arrangements...



"First State Super ensuring members are adequately protected"

"Members may stay covered to age 70"

"An improvement of between 5% and 64% in Death and TPD cover"

Tax file numbers a great effort for everyone!

It was only 19 months ago in May 2006 when the Federal Government announced its "Simpler Super" proposals and significant changes to the provision of Tax File Numbers (TFNs).

From 1 July 2007 where a TFN has not been quoted to a taxed fund like First State Super, contributions are either subject to extra taxes of 31.5% on the employer's contribution or returned to the individual for member contributions.

First State Super employers are doing a great job of remitting TFNs for their employees. Since 1 July 2007, First State Super has received over 110,000 TFNs, raising the percentage of members with TFNs on their records to 75% of the total membership.

How to provide Tax File Numbers to First State Super

A guide to the various methods of sending your employees' TFNs is available to First State Super employers. The guide covers providing TFNs for existing and new employees both electronically and through paper based options.

To see the report go to
www.firststatesuper.com.au/ProvidingTFNs

Investment performance

Members can choose from 10 different investment strategies for their current balance, future contributions and each rollover, and they can mix the strategies in any combination.

Superannuation effective earning rates for periods ending 30 November 2007

Superannuation accounts only*	Year to date %	3 monthly %	One year % pa	Three year % pa	Five year % pa
Pre-mixed strategies					
High Growth	0.6	1.6	10.7	14.4	13.4
Diversified	1.3	1.7	9.6	12.3	11.7
Balanced	1.7	1.6	8.1	10.1	9.8
Capital Guarded	2.2	1.6	6.8	8.0	8.0
Single asset class strategies					
Australian Equities	3.7	5.3	22.2	n/a	n/a
International Equities	-3.8	-2.2	1.2	n/a	n/a
Property	0.7	-1.2	7.5	n/a	n/a
Australian Fixed Interest	1.5	0.1	2.5	n/a	n/a
International Fixed Interest	4.6	2.1	4.5	n/a	n/a
Cash*	2.3	1.4	5.6	5.1	4.9

*The Cash Investment strategy was called Cash Plus until October 2006, when the name was changed to reflect a small adjustment to the asset allocation.

*Past performance is no indicator or guarantee of future performance. Past performance information is not available for the Australian Equities, International Equities, Property, Australian Fixed Interest, or International Fixed Interest investment strategies, which have only been available since 17 October 2006.

Important Note: This communication contains general information only and does not take in to account your or your employee's specific objectives, financial situation or needs. It is therefore important before deciding whether to become or remain a participating employer of First State Super that you consider the First State Super Product Disclosure Statement (PDS) having regard to your own situation and that of your employees. The PDS is available by visiting www.firststatesuper.com.au or by calling 1300 650 873 for a copy. The information contained in this document is current as at December 2007. FSS Trustee Corporation ACN 118 202 672, AFSL 293340, RSE L0002127, is the trustee of the First State Superannuation Scheme ABN 53 226 460 365, RSE R1005134.

Contact details

If you need assistance or have a question about your First State Super responsibilities please contact your Employer Relationship Officer.

First State Super

John Williams
Employer Relationship Officer

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