



HEALTH SUPER

Prepared 1 August 2004

Talking Super

how many
pay packets do you have
until retirement?

think ahead

your earnings –
getting healthier
new banking services
are you ready for
any emergency?



annual message



Ernest Bennett
Chief Executive
Officer



Garry
Richardson
Chair

Welcome to the special 'Annual Report' edition of *Talking Super*.

healthy returns, a healthy balance

We are pleased to announce an annual return of 14% for our Long-Term Growth option (which most of our members are in). This is great news for you. We have ridden the short-term ups and downs of the investment markets and come out ahead. Remember, super is a long-term investment.

members are ready for any emergency

By now you should have received your emergency insurance pack in the mail, and it's been great to see that members are taking such an active interest in protecting themselves, and their families.

improving our service to you

At Health Super, we remain committed to improving our service to you. This year we:

- introduced new competitive insurance that offers more protection for you (see pages 5-6);
- negotiated a new banking offer that will provide immediate savings (see page 8);

- introduced emailing and e-newsletters initiatives for members and employers, so we can save on postage costs.

our move

The Board has decided to move Health Super from 697 Burke Rd, Camberwell to a new facility on Level 14, 15 William Street, Melbourne in October 2004. Check our website, www.healthsuper.com.au for details.

new people, new expertise

We welcome our new Directors to the Board of the Trustee and thank all Directors, incoming and outgoing. We are currently running a member poll on our new Board structure. The proposed Board structure will help us move forward as a national super fund. Please have your say, watch our for your ballot paper in the mail. The change will be effective from 1 October 2004.

'we now have over \$4 billion in assets making us a leading super fund...'

growth in 2003/04

- ↑ \$4 billion in assets
- ↑ over 190,000 members
- ↑ 1,500 participating employers

new in 2003/04

- ✓ insurance options
- ✓ banking options
- ✓ emailing statements

want your *Statement* emailed next year?

Just call **1800 33 17 19**
or register online at
www.healthsuper.com.au

important

This *Talking Super* should be read with your *Statement*. The *Statement* and *Talking Super* form your yearly *Statement*.

Prepared 1 August 2004.

Allocated Pension, Defined Benefit and Deferred accounts:

If you are a member of these accounts please read the *Explanatory* information included with your *Statement*.

Status

Health Super Pty Ltd, ABN 97 084 162 489, AFSL No. 246492 is the Corporate Trustee which administers the Health Super Fund under the Health Super Fund's *Trust Deed*. Health Super Pty Ltd, and the operations of the Fund are governed by the *Superannuation Industry (Supervision) Act 1993* and the *Corporations Act 2001*. The printing cost for this edition of *Talking Super* is 31 cents.

how many pay packets do you have until retirement?

see pages
3 & 4



are you ready for any emergency?

see pages
5 & 6



new low cost services

see pages
7 & 8



how to read your *Annual Report*

use your *Statement* to guide you

what account do you have?

see pages 9–10

what's been put in?

see pages 11–12

what's been taken out?

see pages 13–14

how your account is split for tax purposes

see page 14



how to contact us

contact us

Manager Superannuation Services
Health Super Pty Ltd
ABN 97 084 162 489
AFSL No. 246492
Trustee of Health Super Fund

post

Locked Bag 27
Camberwell Victoria 3124

click

Email via www.healthsuper.com.au

call

Superline 1800 33 17 19
Defined Benefits 1800 33 04 33
Monday to Friday (8.30am – 6.30pm AEST)

call 1800 33 17 19 now to find out more

tip

Look at your *Statement* for your Member Number. Please quote this number when phoning, emailing or writing to us.

calling us?

**we are now open
until 6.30pm
(Statement period only)**

giving this a quick read?

see our top returns **page 12**

investments **pages 15–16**

financial info. **page 18**

how many pay packets do you have until retirement?

You may think it's a long way off, but when you look at the number of pay packets until retirement, it really helps you see the big picture. Whether you have 50 or 500 monthly pay packets to go, the truth of the matter is that every little bit counts, as Andrea, a Nurse from the Alfred Hospital found out.



mum's the word

With a new baby to look after, retirement is the last thing on Andrea's mind. 'I never really thought about the fact that having children would reduce the number of pay packets I have left until retirement,' says Andrea.

'I want to enjoy the time I have with my children now, but I also want to be financially secure when I retire so I can enjoy spending time with my grandchildren. I'd better start planning.'

For more information about saving for retirement call **1800 33 17 19** or go to **www.healthsuper.com.au**

**Andrea, Nurse,
the Alfred Hospital,
around 380 monthly pay
packets until retirement**

- a new mum
- expects to retire at 65

'if you're a female health worker taking time off to look after your family, you could have less pay packets (less super) than male health workers...'

pay packet test



Jessica
Administrator,
Royal Dental Hospital

**around 450 monthly
pay packets
until retirement**

**'Maybe a budget is not such a
bad idea after all...'**

things Jessica could think about

- Talking to a Health Super Financial Planner about paying off any debts she has (if any), and saving a deposit for a house.
- If she earns under \$28,000, Jessica could look at topping up her account with the Co-contributions Scheme. For every \$1 she puts in, the Government could put in \$1.50.
- Reading up on her options. Super may look like gobbledygook, but at the heart of it it's quite simple.



Paola
Human Resources,
Care Connect

**around 350 monthly
pay packets
until retirement**

**'When you think about it, 350 pay
packets isn't much...'**

things Paola could think about

- Paola could check whether it's worth opening a super account for her spouse and getting a \$540 Government rebate.
- If Paola has worked in a number of different health jobs she could have duplicate super accounts. She could combine these accounts into Health Super and save fees.



Fiona
Health Promotions,
Royal Women's Hospital

**around 200 monthly
pay packets
until retirement**

**'I didn't realise retirement was so
close... I'd better get saving.'**

things Fiona could think about

- Fiona could look at topping up her account by direct debit or through her payroll. This could help her boost her balance.
- Fiona could research what investment choice option suits her as she approaches retirement.
- Fiona really hasn't thought about what sort of retirement she'd like. She could talk about this with a Health Super Financial Planner at a retirement seminar.

boost your balance

Earning under \$58,000?*. The Government can match your super top ups (for every \$1 they'll top up to \$1.50) up to \$1,000. Go to www.ato.gov/super for more information.

*assessable income and reportable fringe benefits

These member case studies are illustrations only. Before acting on this advice, you should consider the appropriateness of the advice having regard to your objectives, financial situation and needs. If the advice relates to the acquisition of a product, you should also obtain a *Product Disclosure Statement* relating to the product and consider the *Statement* before making any decisions about whether to acquire the product. Past investment performance is no guarantee of similar future returns.

	if your personal super contribution is:			
	\$1,000	\$800	\$500	\$200
and your income is*	your Government co-contribution will be:			
\$28,000 or less	\$1,500	\$1,200	\$750	\$300
\$38,000	\$1,000	\$1,000	\$750	\$300
\$48,000	\$500	\$500	\$500	\$300
\$58,000	\$0	\$0	\$0	\$0

**need help? Call 1800 33 17 19 or go to
www.healthsuper.com.au**

are you ready for any emergency?

Get our last edition of *Talking Super*? You would have seen our great value Health Super insurance, effective 1 July 2004. Here are a few more tips.

1. your 2004 Statement will not show your 'new' insurance but your 'old' insurance

If you're looking at your 2004 *Statement* and scratching your head about why we haven't shown your 'new' insurance, the answer is simple. The *Statement* shows your insurance 'as at 30 June 2004'. This is your 'old' insurance cover, not your 'new' cover (effective 1 July 2004). Take this example for a person who's under 60 and has a 'Scheme' account.

old

Before 1 July 2004, the automatic level of cover was one unit of death and disablement cover, at **\$0.50** per unit per week, or **\$26** per year.

new

From 1 July 2004, you'll get greater protection. Scheme accounts[^] will automatically get one unit of death and disablement and two units of income protection cover for **\$2.75** per week. That's **\$143** per year. What's even better is that there are no upfront costs – it comes straight out of your super account. * Subject to conditions.

The 'new' type of insurance you can have depends on the type of account you have with Health Super.

2. choose your insurance type

Once you've checked what type of insurance you can get with your account (see table right), you can select what type of cover you want.

new insurance

The three insurance options and cost per week are:

- death only insurance (\$0.63);
- death and disablement insurance (\$1.05);
- death, disablement and income protection insurance (\$2.75).

account type	death and disablement cover	income protection cover
Scheme [^]	✓	✓
Shelter*	✓	✗
Spouse*	✓	✗
Allocated Pension	✗	✗

[^] Scheme members must work at least 20 hours per week (on average over three consecutive months), to be able to apply for income protection insurance.

* Shelter and Spouse members must have super accounts over \$1,000. You're eligible for death and disablement insurance only if you work for at least 20 hours per week (on average over three consecutive months) at time of applying for cover.

'your new insurance is effective 1 July 2004, that's why it is not shown on your *Statement*..'

3. pick a level of insurance

Next, you will need to work out how much insurance you will need to suit your lifestyle.

If you wish to apply for additional cover, the amount of cover will depend on how many hours you work a week (averaged over three consecutive months) at the time of your application.

4. complete a form

To change your level of insurance, you must let us know. Complete a *Change my Insurance Form* to reduce, increase or opt-out of the cover. If you decide to increase your level of insurance cover, you must also complete a *Confidential Personal Statement (CPS)*.

how to get a form

Take a look at your *Personalised Form* sent to you a few months ago. It outlines how much insurance you're automatically entitled to after 1 July 2004.

Download a form at www.healthsuper.com.au

working part-time or casually?

If you're working less than 20 hours per week (from all sources of gainful employment), you **should** consider opting out of income protection, because you **will be paying unnecessary income protection premiums**. To opt out, go to www.healthsuper.com.au and download the *Change my Insurance Form*.

how long are you covered for?

→ **disability cover**

still covered until age 60 (same as at 30 June 2004)

↑ **death cover**

now up to age 70 (ceased at age 65 as at 30 June 2004)

↑ **income protection (new)**

continues up to age 60 (available at 1 July 2004)

As at 30 June 2004, members of the former Basic Benefit Scheme were entitled to death and permanent disablement insurance cover projected to age 60. There are now new conditions on when insurance starts and stops. Download a *Product Disclosure Statement* or *Insurance Booklet* at www.healthsuper.com.au

who will Health Super pay if you die?

Death benefits are payable to your dependents. If you have no dependents, your Health Super death benefit will be paid to the legal personal representative of your estate.

All requests for increases in insurance cover are subject to the satisfactory completion of the *Confidential Personal Statement* and meeting underwriting conditions (eg. health history).

retiring soon? read up about your Centrelink pension



Some advice from Doug Allan, Manager of Health Super Financial Planning (HSFP).

Centrelink have recently announced major changes to the Age Pension Assets Test.

At the moment, any 'complying' pension or annuity is not counted in the Centrelink Assets Test. But from 20 September 2004 this will change. If you purchase a pension or annuity after this date, 50% of it will be exempt from the Centrelink Assets Test (currently 100%). This could significantly affect your retirement plans.

So if you want an additional income stream without affecting your Centrelink pension, you need to act NOW.

Call HSFP on **1300 78 02 23** and let them show you how.

extra services that makes a lot of cents

your home is your castle make sure it's protected

Health Super Member Privileges program offers you exclusive discounts through Australian Unity.

- an extra two months free with your 12 month home and contents policy[^];
- 5% Health Super discount (your total discount could add up to as much as 35%*);
- fast and efficient service – making your misfortune a little easier to handle;
- a policy to suit your needs – with a range of benefits from new for old replacement, to computer and home office equipment, and much more.

Want to learn more?
Call **1800 24 77 73**.

Please refer to the policy wordings for full details of the cover provided.

[^]two months bonus cover are the 13th and 14th months, following 12 months of continuous cover (only available to Health Super members who do not have an existing Australian Unity Home and Contents policy).

* Discount of up to 35% is inclusive of all other retail discounts, including the 5% Health Super member discount.

Please see the *Product Disclosure Statement* for full details of the cover provided.

Australian Unity General Insurance Limited (ABN 47 004 125 268) and AFSL No. 234438 is the issuer of this home and contents insurance.

An **Australian Unity Product Disclosure Statement** can be obtained by calling **13 29 39** and should be considered when deciding whether to acquire or continue to hold this product.

This is general advice only and does not take into account your individual objectives, financial situation or needs. Before acting upon this advice you should consider the appropriateness of this advice in light of your own circumstances.



want to reduce your tax? top up your insurance

We all want to find another tax deduction, but finding an effective way of doing it can be difficult.

Through the Health Super Member Privileges Program you can now top up your income protection with Limon Remcon Financial Services Ltd. Better still, the cost is fully tax-deductible.

You can also access a broad range of additional insurance products that cover you in the event of:

- death;
- temporary disablement;
- permanent disablement; health conditions;
- a number of critical life-threatening events.

To find out how a tailored insurance plan can help you, call us on **1800 24 77 73**.

Limon Remcon Financial Services Ltd
ABN 48 060 159 917, AFSL No. 239690



Disclaimer

Any banking product or Member Privilege service in this Report is provided either by ANZ, Australian Unity Limited or Limon Remcon Financial Services Ltd and not the Health Super Fund. Health Super Pty Ltd does not endorse nor does it warrant that any of the products or services offered under the program are suitable for you. You should seek independent advice if necessary. Discounts offered are valid as at 1 August 2004. Health Super is not a representative of ANZ, Australian Unity, or Limon Remcon Financial Services, and receives only a contribution towards promotional costs.

save on banking



Health Super and ANZ bring you four exclusive banking offers.

Do you have a home loan, savings account or just want a better banking deal? Here are some new healthy banking alternatives we've exclusively negotiated for you that are available from 1 October 2004. Compare and then call **1300 552 970**.

healthy low fee option

Enjoy a bank transaction account that's free of account service fees

- No monthly account service fee;
- No fees for using ANZ ATM, phone and Internet banking or EFTPOS; and
- 4 free withdrawals per month at any ANZ branch.

Optional Cheque facility (Fees apply)

healthy savings option **4.75%p.a.*** interest

A savings account with:

- No minimum balance;
- No monthly account service fees; and
- Access to your money via ATM, phone and Internet banking, EFTPOS or at any ANZ branch.

healthy home loans Low variable rate

6.42%p.a.*

(Comparison Rate™[^])

6.51%p.a.*

no application fee

Compare this rate, and see just how quickly you can pay off your home loan.

healthy credit card options Low Rate MasterCard

10.99%p.a.*

with a balance transfer rate of

7.99%p.a.

for 6 months# from date you are approved for the Card.

All banking services are provided by ANZ as a unique offer to Health Super members.

This offer is only available by calling **1300 552 970**

win either an Apple 14 inch iBook G4 computer, an Apple 40 GB iPod or 26 double Hoyts Hot Gift passes how to enter

1 take up: If you are a Health Super Member and you take up one or more of the above Health Super Banking offers between 1 October 2004 and 31 December 2004 you will be eligible to enter the competition. Banking products include: transaction banking account, home loan, savings account and MasterCard. To find out about these products, call **1300 552 970**.

2 write: Just tell us in 25 words or less 'What attracted you to the product(s) you opened?' Entries close on 31 December 2004.

3 mail: Send your entry with your ANZ application form in the reply paid envelope provided. To be valid, make sure you include your name, your Health Super Member Number, phone number and address.

4 wait: The entry judged on 6 January 2005 at Level 8, 20 Martin Place Sydney as the best and most creative will be the winner. The winner will be notified by mail, on www.healthsuper.com.au, and their name will be published in the Public Notices Section of *The Australian* on 11 January 2005. The winner may then select any one of the following prizes:

- an Apple 14 inch iBook G4 computer
- an Apple 40 GB iPod
- 26 double Hoyts Hot Gift passes

IMPORTANT INFORMATION

Australia and New Zealand Banking Group Limited ABN 11 005 357 522, AFSL No. 234527. This material does not take into account your personal needs and financial circumstances and you should consider whether it is appropriate for you. ANZ recommends you read the product terms and conditions, including where relevant the *Health Super General Banking Account Product Disclosure Statement*, available by calling 1300 552 970, before deciding to acquire or hold a product.

*Interest rate current as at 1 July 2004 and is subject to change. All applications for credit subject to ANZ's normal credit criteria. Fees and charges apply.

[^]Comparison Rate calculated on a loan amount \$150,000 over a term of 25 years based on monthly repayments. These rates are for secured loans only. WARNING: This Comparison Rate applies only to the example or examples given. Different amounts and terms will result in different Comparison Rates. Costs such as redraw fees or early repayment fees, and cost savings such as fee waivers, are not included in the Comparison

Rate but may influence the cost of the loan. A copy of the Comparison Rate Schedule is available at any ANZ branch. [™]The Comparison Rate trademark is a trademark of Australia and New Zealand Banking Group Limited (ANZ), ABN 11 005 357 522, AFSL No. 234527

#Only valid for balance transfers from non-ANZ cards. Not applicable when you transfer and close an existing ANZ credit card. This rate reverts to the standard variable rate that applies to the ANZ Low Rate MasterCard after 6 months. Interest accrues on balance transfers from the date ANZ processes your request. Balance transfer conditions apply. Call 1300 552 970.

what account do you have?

Don't file your super *Statement* away for a rainy day. Look at your options today. Here are the types of accounts we have.

accounts funded by you and your employer

Defined Benefit account

The way this type of account works is quite different from the normal type of super account. It is not linked to investment earnings, and you know how much super you'll have when you come to retire. This is a closed account, and has different levels of:

- contribution rates;
- options available to you.

two tips on this account

1. Your Superannuation Guarantee is paid to your Health Super 'Scheme' account (see page 10).
2. Your Health Super Defined Benefit account requires regular set contributions from your employer and yourself.

why have you got two *Statements*?

If you are a Defined Benefit member you will receive two *Statements*. One for your 'Scheme' account, and one for your 'Defined Benefit' account. The reason is that both accounts work differently. One is funded by you and your employer (see left) and one is funded by you (see 'Scheme account' - right).

quick call

Call our new dedicated Defined Benefit Line on **1800 33 04 33**.

'Health Super even has an account for your spouse...'

earn

accounts funded by you

Scheme account

Working in health? This is where your employer will pay 9% of your salary into your super account (known as Superannuation Guarantee). This is the account that most members have.

how did you join?

Your 'Scheme' account starts when:

- you began working in the Health and Community Services Industry for an employer registered with us;
- you or your employer elected to join (for many this is automatic).

work

Allocated Pension account

You can open this if you:

- have a minimum of \$10,000;
- meet preservation rules (see page 14);
- have retired from gainful employment.

want to open an account? call us on 1800 33 17 19

retire

Shelter account

Your super is moved to this account if you've resigned from your job and your employer advises us of your termination, or we've lost touch with you. Your account will be exactly the same as your 'Scheme' account (fees, investment choice etc.). The only difference is that your insurance options will change and you may need to re-apply for insurance.

what if we lose touch with you?

If we write to you and one communication has been returned unclaimed (e.g. where Health Super considers it is clear from the information available that a second communication will not be successful), we will move you to this 'Shelter' account.

That's why it's important to make sure you keep your Payroll Officer updated with any address or name changes. You can change your address online in your 'online account' at www.healthsuper.com.au. Register today.

re-employed?

If you've left your job and you start working again with a registered Health Super employer within four weeks for full time/part-time employees, or eight weeks for casual employees, you can maintain your Health Super 'Scheme' account.

Spouse account

Do you have a wife/husband? Maybe a de-facto?

Secure their lifestyle with a Health Super Spouse account.

They can enjoy all the same Health Super benefits, plus they can get a \$540 rebate if they are earning a low income. Call us today on **1800 33 17 19** to find out more

three tips if you are moving jobs

1. Call us to combine your lost super accounts.
2. Give us a call before you leave so we can keep your existing 'Scheme' account, and insurance cover.
3. Check with us if your new employer is registered.

Call us on **1800 33 17 19** today.

double-check your Statement

Has your Payroll given us your correct date of birth? We use this to:

- determine your level of insurance;
- calculate when your superannuation becomes payable (preservation rules);
- invest your super (until you make an active investment choice – see right)

To correct your date of birth, talk to your Payroll Officer. Or to make an investment choice register for an online account at www.healthsuper.com.au

your age	your investment choice	risk
Under age 50	Long-Term Growth	High risk/High growth
Age 50–60	Medium-Term Growth	Medium risk/Medium growth
At age 60	Balanced	Balanced risk/Balanced growth

what's been put in?

There's nothing better than seeing your patient get better. For us, it's the same with your super. And after a rough couple of years, we've worked hard to improve your super returns. They are looking much healthier.

what your employer(s) paid in

Superannuation Guarantee: 9% of your salary

Currently your employer pays 9% of your salary into your super account (known as 'Superannuation Guarantee').

additional employer contributions (e.g. salary sacrifice)

These are payments made 'on top' of what your employer has put into your account.

did you know?

Salary sacrifice may lower your taxable income, but it may also reduce the amount of compulsory Superannuation Guarantee that your employer pays. For more information, go to

www.healthsuper.com.au

what you've paid in

There are many ways you can add to your super account.

combine or amounts transferred in

These are amounts that you have rolled in from other super fund(s), i.e. if you've combined other accounts. It's simple. Just fill in the form included with your *Statement*, and we'll contact your other super funds for you.

Look for the form in this edition of *Talking Super*.

your personal contributions (e.g. topping up)

These are top ups made by you from after-tax income, and can include contributions made by your spouse. There are three ways to make a personal contribution by payroll, lump sum payments (cheque) or by direct debit.

self-employed?

You can top up your account (after tax) if you are an existing Health Super member. Tax deductions are available to self-employed persons. You should obtain tax advice. Call Health Super Financial Planning on **1300 78 02 23** now.

investment earnings

These are the investment earnings you receive on your account. They can be either positive or negative. The earnings depend on the way you've chosen to invest your Health Super account. That's right, your investment choice. If you haven't elected an investment choice, that's fine, we'll invest it according to our 'default' option that's based on your age (see page 10). Here are the annualised (i.e. 1 July 2003 to 30 June 2004) rates.

assumptions

1. Investment earnings for your investment choice option have been calculated daily, and compounded monthly.
2. The Balanced option and socially responsible investments have been available since 1 July 2003. Therefore, there are no 2, 3, 4 or 5-year figures. Also investment choice has been available for the Allocated Pension since its inception on 1 July 1999.
3. As reporting for Allocated Pensioners changed from quarterly to monthly, (from 1 July 2003) investment earnings are calculated from 1 April 2003 to 31 May 2004. Socially responsible investments are from 1 July 2003 to 31 May 2004. Future reporting period will be from 1 June to 31 May.

everything goes back to you

Health Super distributes net earnings to your account on a monthly basis. No reserves are maintained for the smoothing of earning rates.

did you know?

The net earning rate for the year ending 30 June 2004 for the accumulation portion of the Health Super Defined Benefit Scheme, and any Deferred interest-linked accounts, was 9.7%.

For more information on Defined Benefits, turn to page 18.

Scheme, Shelter and Spouse accounts

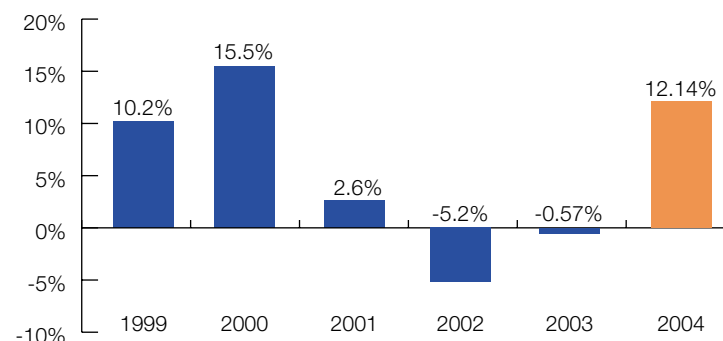
	1yr	1yr	2yr	3yr	4yr	5yr
	regular	socially responsible	regular	regular	regular	regular
Long-Term Growth	14.00%	11.49%	5.28%	0.87%	1.24%	4.48%
Medium-Term Growth	11.02%	9.16%	4.95%	1.51%	1.99%	4.79%
Balanced	8.29%	7.09%	n/a	n/a	n/a	n/a
Short-Term Conservative	6.18%	5.53%	4.40%	2.50%	2.97%	5.02%
Stopover	5.15%	n/a	5.01%	5.07%	5.41%	5.64%

'with 14% returned to most accounts, our earnings are very healthy..'

Allocated Pension account

	14mths	11mths	2yr	3yr	4yr	5yr
	regular	socially responsible	regular	regular	regular	regular
Long-Term Growth	20.24%	10.60%	6.04%	1.11%	1.56%	5.28%
Medium-Term Growth	16.68%	8.46%	5.74%	1.93%	2.48%	5.70%
Balanced	n/a	7.03%	n/a	n/a	n/a	n/a
Short-Term Conservative	11.91%	6.54%	5.77%	3.40%	3.87%	6.21%
Stopover	6.77%	n/a	5.87%	6.04%	6.48%	6.77%

Fund earnings bounce back



The return on investments, less investment expenses and income tax, represents the net earnings on the Fund's assets. This is Health Super Fund's net earning rate (for the Defined Benefit and Accumulation Schemes combined). They do not represent earning rates applicable to investment choice options over the last six years.



what's been taken out?

Every year, we run a simple and efficient operation. We have to take out Government taxes, and just enough to cover business costs.

your account

Health Super fees administration fee

This is \$1.00 per week (Scheme, Shelter and Spouse accounts), 1% (of Allocated Pension account balances), and Nil (Defined Benefit accounts). This is deducted while you are a member.

amounts withdrawn

For Shelter accounts the first three withdrawals are free then it's \$50 per withdrawal.

switching fee

Applies to each financial year if you switch between investment options. The first switch is free and then it's \$25 per switch.

investment fee

There is one asset-based fee.
As at 30 June 2004, our investment management fees for Long-Term Growth was 0.63% (SRI 0.89%), Medium-Term Growth was 0.50% (SRI 0.70%), Balanced 0.39% (SRI 0.52%), Short-Term Conservative was 0.29% (SRI 0.37%) and Stopover was 0.03% (SRI n/a).

For more information, go to www.healthsuper.com.au

Note: These investment fees are variable.

Government taxes* applies to everyone – Contributions Tax

The Federal Government taxes the payments your employer makes (Superannuation Guarantee and salary sacrifice) at 15%. It is calculated on your contributions after insurance premiums and administration fees have been taken out, and is known as 'Contributions Tax'.

This is shown on your *Statement* for 2003/04, and is paid directly to the ATO.

applies to high-earners – Surcharge Tax

An extra tax may be applied on contributions paid during the 2003/2004 financial year if your accessible income (including salary, super and fringe benefits) is over \$94,691.

This is up to 15% on top of your Contributions Tax, and is known as 'Surcharge Tax'. This is shown on your *Statement* for 2003/04, and is paid directly to the ATO.

Call the ATO on 1300 65 12 21 for more information.

insurance premiums^ before 1 July 2004

For 2003/2004 basic cover – one unit of death and disablement cover cost \$0.50 per week (for Scheme, Shelter and Spouse accounts). For Basic Benefit accounts, it cost you 3.5% of SG contributions (if you're under 60).

To see the new rates and insurance, turn to page 5-6.

* These do not apply to Allocated Pension accounts. For Defined Benefit accounts, Surcharge Tax only applies and it is deducted from your 'Scheme' account.

^ These do not apply to Allocated Pension, Defined Benefit or Deferred accounts.

'we only take out the bare minimum to cover our costs...'

when can you take your super out?

Government laws require your super to be preserved in a super fund until you reach a certain age. This is age 55 if you were born before 1 July 1960, but this increases to 60 if you were born after 30 June 1964. You need to also be aware that if you have a 'Spouse' account, when you can take out your super will depend on whether you're employed or not.

For more conditions on when you can take out your super, go to www.healthsuper.com.au

how your account is split for tax purposes

You may have to pay tax when you draw money from Health Super. This is usually deducted *when* you're paid out. The amount paid will depend on your own circumstances, including your age, and how long you've been in a superannuation fund. The three boxes above right show how your super is split for tax purposes as at 30 June 2004.

your super parts

access if you leave your job restricted non-preserved

access when you retire compulsory preserved

access upon request unrestricted non-preserved

working before July 1983

- **pay** tax on only 5% of that part of your super (95% is tax-free)

working after July 1983

after age 55

If you are over age 55 and ask for your post-June 83 component to be paid to you, then the first \$117,576 (2003/04) of your post-83 component is not taxed. Thereafter, the remainder is taxed at 16.5% (includes Medicare Levy).

before age 55

If you elect to withdraw your post-83 component before you turn age 55, then you will pay 21.5% tax on this amount (includes Medicare Levy).

undeducted

You pay no tax on the part of your super that consists of the contributions you made from your after-tax income after 30 June 1983. These are known as 'Undeducted Contributions'.

While the boxes above show the main tax components, there are others (e.g. post June invalidity, CGT exempt component). If you have these components they will be shown on your *Statement*.

If you draw your super out and then roll it over to another superannuation fund, no tax is deducted. It only applies when payment is made to you directly.

tip

Your Eligible Service Date is shown on your *Statement*. This is used to determine your tax components.

need help? Go to www.ato.gov.au/super

7 facts about your Tax File Number

1. By law we must request your Tax File Number.
2. We forward it to the Australian Taxation Office (ATO) so they can assess 'Surcharge' taxes (see page 13).
3. We will use it only for the purposes outlined in the legislation.
4. It will remain confidential.
5. We may disclose it to the Trustee of a super fund if you choose to transfer your super in the future.
6. You can request in writing for us not to disclose it.
7. If you do not provide it to us, you could be paying unnecessary tax.

who is overseeing it?

As you know, referrals to specialists can be critically important. That's why to maximise your return over the long term, we hire experts to oversee our investments, and invest within set guidelines.

how Health Super invests your money

we get advice

Your investment is managed by the Health Super Investment Team. We employ Watson Wyatt as our Asset Consultant. They assist with the research and advice on mainstream assets and where to invest your super. We also employ the Pinnacle Property Group for property advice, and Wilshire Private Markets Group for private equity advice.

'our specialists, just like those in medicine, provide expert insight and knowledge...'

we hire Fund Managers

With the exception of cash, Health Super uses 30 professional Fund Managers. We use these Managers:

- to achieve specific investment objectives and strategies;
- to diversify our investments; and
- for their expertise in the investment of your retirement savings.

Because of our size, we can keep the cost of investing your money low.

The Managers Health Super invested with as at 30 June 2004 are as follows.

<p>Australian shares</p> <p>Acorn Capital Ltd Australian Private Equity Managers Eley Griffiths Group Ltd GMO Australia Ltd Independent Asset Management Pty Ltd Lazard Asset Management Pacific Co Perennial Investment Partners Ltd (SRI) Schroder Investment Management Australia Ltd WHTM Asset Management Ltd</p>	<p>International shares</p> <p>ABN Amro Asset Management Australia Ltd (SRI) Alliance Capital Management Australia Ltd Barclays Global Investors BIAM Australia Pty Ltd (SRI) Colonial First State Investments Ltd International Private Equity Managers Morgan Stanley Investment Management Ltd Wellington International Management Company Ltd</p>	<p>Property</p> <p>AMP Capital Investors Ltd Colonial First State Property Ltd DB Real Estate Australia Ltd Fiduciary Trust International Australia Ltd Lend Lease Real Estate Investments Ltd Queensland Investment Corporation SG Hiscock & Company</p>
<p>Alternative Investments</p> <p>FRM Australia Ltd UBS Global Asset Management Ltd</p>	<p>Australian bonds</p> <p>Credit Suisse Asset Management Ltd Vanguard Investments Australia Ltd</p>	<p>International bonds</p> <p>Fischer Francis Trees & Watts Inc Wellington International Management Company Ltd</p>

At 30 June 2004, the investments, which represented a value greater than 5% of the value of the Fund, were Australian Equities: Schroder Investment Management Australia Ltd (6.74%), GMO Australia Ltd (6.9%) . International Equities: Barclays Global Investors (6.7%), Wellington International Management Company Ltd (6.9%), Alliance Capital Management Australia Ltd (8.1%) and Indexed Linked Bonds: Credit Suisse Asset Management Ltd (9.7%).

we diversify your investments

30 June	2003 (%)	2004 (%)
Australian shares	26.20	28.61
International shares	24.68	28.91
Alternative investments	3.38	7.43
Australian bonds	22.65	13.03
International bonds	6.90	9.17
Property	7.55	8.71
Cash	8.64	4.14

managing the bumps

	<p>derivative guidelines</p> <p>In accordance with Australian Prudential Regulation Authority (APRA) guidelines, Health Super prepares a Risk Management Statement. This identifies where derivatives are used within the Fund's investment structure. It also reviews the controls of Managers where portfolios are outsourced. Managers must ensure derivatives are:</p> <ul style="list-style-type: none"> • fully covered by cash; • limited to a maximum in accordance with specific contractual commitments; and • not used to leverage the portfolios.
	<p>monitor reports</p> <p>Fund Managers must prepare Risk Management Statements. These statements are reviewed by Health Super to ensure they follow our guidelines. There is also a weekly compliance report.</p>

how you invest your super

Yes, that's right. It's not just our Investment Managers who make decisions about investing, it's *you too*. As a member, you can choose an option and level of risk that suits you. Here are the five options you can choose from.

are you happy to ride the bumps of the investment market?				
'Yes I'm sure...'	'Most times...'	'Occasionally...'	'No, I'm pretty cautious with my money...'	'No, I'm extra cautious...'
Long-Term Growth	Medium-Term Growth	Balanced	Short-Term Conservative	Stopover
<p>goal To achieve a return, after fees and taxes, that exceeds inflation by at least 5.0% p.a. measured over rolling five year periods.</p>	<p>goal To achieve a return, after fees and taxes, that exceeds inflation by at least 4.0% p.a. measured over rolling five year periods.</p>	<p>goal To achieve a return, after fees and taxes, that exceed inflation by at least 3.5% p.a. measured over rolling five year periods.</p>	<p>goal To achieve a return, after fees and taxes, that exceeds inflation by at least 2.5% p.a. measured over rolling three year periods.</p>	<p>goal To achieve a return, after fees and taxes, that exceeds inflation by at least 1.0% p.a. measured over rolling three year periods.</p>

30 June	Australian shares	International shares	Alternative investments	Australian bonds	International bonds	Cash	Property
Long-Term Growth	35%	35%	10%	5%	5%	0%	10%
Medium-Term Growth	27.5%	25%	7.5%	24%	6%	0%	10%
Balanced	17.5%	17.5%	5%	32.5%	17.5%	0%	10%
Short-Term Conservative	10%	10%	5%	35%	25%	10%	5%
Stopover	0%	0%	0%	0%	0%	100%	0%

Turn to page 18 for Defined Benefit information.

double-check

Your investment choice option is shown on your *Statement*. To change investment choice, you can register for your online account at **www.healthsuper.com.au**

are the conditions
changing?

Watching super is like managing your patient's health. Things and conditions change constantly. Particularly Government changes.

Government changes

Here are some new rules that are effective 1 July 2004.

More people can apply for a Government top-up

The income level to which the maximum Government Co-contribution is available will increase up to \$58,000* (*assessable income and reportable fringe benefits). You can top up to \$1,000, and they'll put up to \$1.50 for every \$1.00 you put in.

Less tax for high-income earners

The maximum 'Surcharge' rate will reduce to 12.5% in 2004-2005, 10% in 2005-2006, and 7.5% from 1 July 2006 (see page 13).

Personal income tax threshold increases

The 42% tax rate threshold will rise from \$52,001 to \$58,001 and increase again to \$63,001 from July 2005. If you are salary sacrificing this could affect you.

More people can top up

For members aged between 18 and 64, Health Super can now accept personal contributions without evidence of gainful employment (previously, members had to work 10 hours in a two year period).

'making sure everything is on track...'

got less than \$1,000 in your account?

You are covered by Member Protection provisions. If your account is under \$1,000, the administration fee cannot fall under the investment earnings allocated to your account. But be aware insurance premiums can be deducted regardless of your account balance.

board changes

There are eight Directors on the Board, who are elected by Health Super members and employer organisations in the Health and Community Services Industry. We also have an Independent Chair.

Health Super Directors as at 30 June 2004

(appointed by the Board)

Garry Richardson, Independent Chair

(elected by members)

Erryn Cresshull

Alwin Gallina

Ruth Slocum

Kathryn Whitfield

(nominated by the Victorian Healthcare Association (VHA))

Jay Bonnington

John Dunlop AM

Judy Roseveare*

Richard Walter AM

Health Super has taken out indemnity insurance to protect both itself, and the Directors from claims against them.

* Judy Roseveare replaced Mick Ellis on 1 January 2004. She was nominated by VHA.

management

Health Super Managers as at 30 June 2004

Laura Baylie – Superannuation Services

Ernest Bennett – Chief Executive Officer

Chris Callinan – Information Technology

Chris Clausen – Operations

Paul Collins – Legal and Compliance

Steve Jenkins – Marketing

Gitti Martin – Human Resources

Brendon Shepherd – Investment

Liewli Yee – Finance

financial changes

financial figures for the year ending 30 June

statement of changes in net assets of the Fund

revenue	2004 (\$'000)	2003 (\$'000)
Net market value of assets available to pay benefits (beginning of year)	3,319,498	3,042,475
Member contributions	46,460	41,267
Employer contributions*	485,003	441,778
Transfers from other funds	75,669	71,106
Investment income	453,588	(10,189)
Other income	25	63
Total revenue	1,060,745	544,025
expenses		
Benefits paid	(195,846)	(180,261)
Tax expenses	(101,764)	(66,720)
Administration expenses	(10,872)	(11,035)
Superannuation Surcharge	(10,112)	(8,986)
Total expenses	(318,594)	(267,002)
Net surplus (deficit)	742,151	277,023
Net market value of assets available to pay benefits (end of year)	4,061,649	3,319,498
statement of net assets of the Fund		
net assets		
Investments	4,050,651	3,315,275
Current assets	82,559	59,835
Total assets	4,133,210	3,375,110
Tax liability	(66,462)	(52,349)
Other liabilities	(5,099)	(3,263)
Total liabilities	(71,561)	(55,612)
Net assets available to pay benefits	4,061,649	3,319,498

* All contributions payable by registered employers in respect of the 2003/2004 year have either been received or are expected to be received in accordance with normal payment terms. The 2004 results are preliminary and are subject to audit.

defined benefit changes

funding

The Trustee's objective (in consultation with APRA) is to achieve a fully funded position for the Defined Benefit Scheme by 30 June 2009.

This will be reviewed on an annual basis, and we will advise your employer if the situation changes, and of any changes to employer contribution rates.

objectives

The investment objectives for the Defined Benefit Scheme are to:

- maintain a ratio of assets to vested benefits liabilities above 100% from 1 July 2009 onwards;
- generate sufficient liquidity to provide for the cash flow requirements of the Fund; and
- ensure long-term costs and volatility of the required employer contribution rate are minimised.



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Are you sick of all the high fees and charges attached to your bank?
As a Health Super member, you can reduce the number of fees you pay.
ANZ and Health Super have worked together to bring you the following:

- ✓ discounted home loan rates
 - no application fee and a great rate of interest
- ✓ low fee transaction account
 - no account service fees
 - free transactions via Internet and phone banking, EFTPOS and ANZ ATMs
- ✓ high interest savings account
 - no account service fees
 - access via Internet, phone banking, EFTPOS and ATMs
- ✓ low rate MasterCard

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WIN

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See page 8 for details on how to enter.



HEALTH SUPER



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Legal

The information provided in this publication is of a general nature only and is not intended to be, and is not, a complete or definitive statement of all matters outlined in it. If there is any conflict between this publication and the *Health Super Trust Deed*, the *Trust Deed* must be followed. Health Super Pty Ltd strongly recommends that you seek advice from a professional adviser before making any decisions based on the information contained herein. Past investment performance is no guarantee of similar future returns. This advice has been prepared without taking into account your objectives, financial situations or needs. Before acting on this advice, you should consider the appropriateness of the advice having regard to your objectives, financial situation and needs.

If the advice relates to the acquisition of a product, you should also obtain a *Product Disclosure Statement* relating to the product and consider the Statement before making any decisions about whether to acquire the product.