

ESI Super ranks in top 11 %

On 20 August 2009, the Australian Prudential Regulation Authority* (APRA) released its first performance measure for individual super funds covering the returns over a five year period from July 2004 to June 2008.

The ABC TV's 7:30 Report on Wednesday 26 August 2009 reported on the superannuation fund rankings of the top 100 funds by asset size. The 7:30 Report used the information released by APRA which looks at the fund performance as a whole and does not take into consideration the fund's individual options.

ESI Super was ranked 11th in performance over the 5 year period – well above many notable high profile superannuation funds. This report has revealed that paying higher fees doesn't always guarantee a greater return.

At ESI Super we are proud of this result which reflects the work over many years to deliver consistent strong long term performance for our members and we will continue to work for better retirement benefits for our members.

*APRA is the Government body regulating the superannuation industry. It reports both 3 and 5 year performance information on the 200 largest funds by asset size, which cover 95% of members and 98% of the assets of ASFA regulated funds and Eligible Rollover Funds (ERFs).

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Insurance upgrade

From 2 November 2009, ESI Super is introducing a major insurance upgrade that provides higher levels of cover at no increase in cost for ESI Super members.

The main features of the new insurance arrangements are:

- Higher levels of cover per unit of death and disability insurance cover.
- Discounted cost of cover for Death and Total and Permanent Disablement (TPD) for white collar/professional employee members.
- Restructured Income Protection insurance offer, where 1 unit of the current Income Protection cover will be replaced by 5 units of the new cover providing an overall benefit increase of 19% at a reduced cost for the 90 day wait period.
- The maximum insurable Income Protection benefits have been lifted from 75% of income + 5% super contribution, to 85% of income + 10% super contribution.

Additional features that have been added to the ESI Super insurance offer include:

1. The option of selecting a fixed dollar amount of Death and TPD cover as an alternative to units of cover. The new maximum insurable amount will be \$10 million.
 2. The Fund's default cover for members joining through an ESI Super employer has been improved from the current one unit of Death and TPD cover. The new default cover is an arrangement where the member's units of cover are applied based on their age when they take out insurance cover (1 to 5 units) and it then automatically increases by an additional unit as they move through age brackets. We call this feature "automatic life-stage increases" insurance cover. It is designed to automatically increase cover for members as they move into increased life commitments that generally come with middle age.
- Please note:** This cover does not apply if an ESI Super employer pays for a set number of units of death and TPD cover for their employees.
3. Insurance coverage for Death and TPD and Income Protection has been extended from age 65 to 70.

4. Income Protection insurance has been further improved, increasing to three wait period options (30, 60, and 90 days) and the cost of the equivalent cover has been reduced. For example; the Income Protection cover table below shows that 10 units of IP cover (equivalent to 2 units of the old cover) costs the same if the shorter 60 day wait period is selected, or is almost 17% cheaper when the previous 90 day wait period is applied.
5. With Income Protection members will also have the option to separately purchase income protection to age 65 as an extension to the standard two year benefit payment period.

The tables below show the cost of cover per week for Death and TPD and Income Protection cover.

Death and TPD cover

	Standard rates	Discounted rates*
1 unit	\$1.10	\$0.90
5 units	\$5.50	\$4.50

Income Protection cover (cost per week) (2 year payment period)

	30 days wait	60 days wait	90 days wait
1 unit	\$0.472	\$0.361	\$0.290
5 units	\$2.360	\$1.805	\$1.450
10 units	\$4.720	\$3.610	\$2.900

Income Protection to age 65 cover (age based cost per week)

Age	Two year + 90 day wait period. Unit price per week for 1 unit (\$500 per month benefit).		Two year + 60 day wait period. Unit price per week for 1 unit (\$500 per month benefit).		Two year + 30 day wait period. Unit price per week for 1 unit (\$500 per month benefit).	
	Base rates	Discounted rates*	Base rates	Discounted rates*	Base rates	Discounted rates*
Up to 35	\$0.83	\$0.58	\$0.87	\$0.61	\$0.91	\$0.64
36 to 45	\$1.29	\$0.90	\$1.35	\$0.95	\$1.42	\$0.99
45 to 55	\$2.94	\$2.04	\$3.07	\$2.15	\$3.21	\$2.25
56 +	\$4.80	\$3.36	\$5.04	\$3.52	\$5.28	\$3.69

*Members working in white collar/professional occupations may be eligible for discounted rates, subject to an occupational risk assessment when they apply.

Annual Report goes electronic

This year the *Annual Report* will be available on our website – esisuper.com.au in early November. Check the **What's new** section for updates. We are doing our bit to be more environmentally friendly and will no longer be sending hard copies to members. However, if a printed copy is still required, just give us a call and we'll send one out.



More information

Please refer to the new *ESI Super Member Guide* available on the website from early November 2009 for more information on the new insurance arrangements or call us on **1300 363 240** or email super@esisuper.com.au



Support for employer HR imperatives

When your company deals with issues such as phased retirement, redundancy programs and so on, ESI Super is available to help you work through the superannuation implications and provide financial planning advice.

The support and planning ESI Super provides to members could be critical in helping senior management formulate strategic plans for handling these major issues and ensuring that you get optimum employee support for your initiatives.

In the past we have provided input into enterprise bargaining discussions, redundancy affects on superannuation for both Accumulation and Defined Benefit members as well as providing Transition to Retirement programs and strategies for employers who need to deal with an aging workforce.

Please contact our Employer Relationship Manager Dion Owen on 1300 363 240 to discuss how ESI Super can help with any superannuation related issues.

ESI Super goes public offer

In early November 2009, ESI Super will become a public offer fund. This means that anyone can now join ESI Super by direct application to the Fund. Previously members could only join if they were introduced by a participating employer. For employers nothing will change, you can still continue to process new members as you always have. For more information, contact ESI Super.

Contribution calculators available on our website

The new salary sacrifice arrangements advised in the last Budget mean that members need to take more care not to exceed their contribution limits. To assist in working out how close members are to their contribution limits, we have made two contribution calculators available on our website. There is one calculator intended for Defined Benefit members and one for Accumulation members.

Did you know that the insurance premiums paid by employers to ESI Super are treated as superannuation contributions and as such count towards the member's concessional contribution limit?





How are we performing?

ESI Super standard investment options (as at 31 August 2009) returns* and ranking** table

When analysing and comparing fund performance, remember that superannuation is a long term investment.

Accumulation Fund Performance	Return %	Ranking	Return %	Ranking	Return %	Ranking
Investment option	FYTD		3 Years		5 Years	
Cash Enhanced	0.96	3/89	4.48	50/76	4.54	48/69
Stable	4.88	14/115	2.88	44/105	5.79	14/94
Capital Managed	6.14	25/63	2.26	10/50	6.30	2/37
Balanced	4.68	112/121	-0.65	55/112	5.45	38/105
SRI Balanced#	8.24	6/23	n/a	n/a	n/a	n/a
Growth	7.42	53/84	0.25	14/76	6.66	9/67
Australian Shares	17.88	2/92	1.06	41/84	9.62	27/66
International Shares	8.21	41/94	-7.27	33/83	1.58	10/60

Source: SuperRatings Fund Crediting Rate Survey as at 31 August 2009.

*Please note that these returns are not necessarily indicative of returns in the future.

**Ranking of investment performance is provided to show where ESI Super ranks in the SuperRatings survey pool against other super funds.

#The SRI Balanced option has been available for less than two years. No ranking information is available for this option.

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