

# YOUR

# FUTURE



FuturePlus  
Super

FUTUREPLUS SUPER  
ABN 76 829 356 693 - Silver

Financial year ending June 2008



## The markets and your super investment

### What's happened?

The investment environment during the financial year ending on 30 June 2008 was extremely volatile. Global markets were affected by the fallout from the sub-prime market, the subsequent credit crunch, and investors worrying about whether the US economy was sinking into recession.

In addition, the rising cost of oil has led to a further slowing of economies around the world and has had an impact on inflation. Inflation then put pressure on interest rates, which led to a number of rate increases.

These conditions provided investors in Australian shares with their biggest financial year fall in 26 years and the news from many of the world's major sharemarkets was similar.

Consequently, what happens within those markets has an impact upon member returns for all super funds and that includes FuturePlus Super.

As a result, the Fund's High Growth product returned -12.6% for the 12 months to June 2008, the Diversified -9.3% and Balanced -6.0%. Those with more exposure to cash or fixed interest didn't suffer the same. The Capital Guarded product returned -2.7% while the Cash option was up 7.0%.

### Super is a long-term investment

It is important, though, to keep in mind that in both the good and the 'not-so-good' times, superannuation remains a tax effective, long-term investment and that your Fund's 'real return' rates over the long term continue to be strong. For instance, over the 5 year

period to 30 June 2008, the Fund's returns are as follows:

Strategy	% p.a.	Strategy	% p.a.
High Growth	9.9	Australian Shares	14.5
Diversified	8.4	International Shares	6.0
Balanced	6.8	Listed Property	4.6
Capital Guarded	5.2	Aust Fixed Interest	2.6
Cash	5.3	Int Fixed Interest	4.7
Note: All Fund returns are shown to one decimal place.		Capital Guaranteed*	5.8
* Closed to new members		Cash	5.3

Remember that markets are cyclical. They go up and down, but over the long term they've moved upwards. Periodic negative returns don't necessarily mean you have an unsuccessful investment strategy. What is vital is that you ensure your strategy is for the long term and is appropriate for you. History has shown that patient investors are the ones who reap the rewards and that taking a long-term view helps avoid hasty reactions.

### We can help

Your super will more than likely be the largest investment you hold outside of your own home, so you need to stay calm in these times and commit to your long-term goals – that is, your retirement goals. And we can help. Call the Member Services team on **1800 067 059** to ask about our retirement planning service. As a member, you and your family can attend our no cost seminars and we have a team of financial planners that can help guide you along the path to retirement.

To read a full commentary on how the asset classes performed in the 2007-08 financial year, please see back page.

# Why invest through super?



## Because it's your future!

Retirement may or may not be a long way off for you, but time has a nasty habit of flying by pretty fast. Superannuation enables you to take small steps which can make a big difference later. The best way to build up wealth is to start investing as early as possible and then to let it grow by earning further interest on what you accumulate.

One alternative to private savings through super is to live on the Age Pension in retirement. At present, it provides around \$14,217 a year for a single person and \$23,754 a year for a couple. If you consider how far this will get you, you'll understand why investing more for your retirement is vital.

In addition, our life expectancies keep growing which means we are likely to spend much longer in retirement than people did in the past. And most of us would like to spend our golden years pursuing the hobbies and activities we've always dreamed of doing, which of course involves additional costs.

So, contributing to superannuation is an important way to build up your retirement nest egg.

What's more, investing through super has many advantages such as:

- You can add to your investment on a regular basis.
- Access to your investment is restricted so you can't be tempted to spend it before you retire.
- You may receive government incentives for making personal contributions, such as the Co-contribution scheme.

- Your super can go with you when you move around the workforce.
- You may also be able to make contributions by salary sacrificing (i.e. making before-tax contributions) which can be a very tax effective way of making your super grow.

However, one of the chief advantages of investing through super is that it's usually a more tax effective investment than investing outside super. Firstly, any contributions you or your employer makes (up to a certain limit) and any returns earned on your super are taxed at a maximum of 15%, rather than your marginal tax rate which could be as high as 45%. And, if your spouse earns less than \$10,800 and you add to his or her super, you could receive a tax rebate of up to \$540.

Further, thanks to new superannuation measures which began on 1 July 2007, superannuation has become even more tax effective. Benefits paid from taxed super funds to most people aged 60 or more are completely free of tax, whether they choose to draw a regular income or a lump sum.

If you would like to find out more about the ways in which you can make the most out of your super, call Member Services on **1800 067 059**.

## Investment strategy tips



The experts say that this is a good time to remember a key investment strategy, which is diversification. Basically, it means not having all your eggs in one basket. If one asset class is yielding negative returns another may be in positive territory, helping to smooth out your returns.

The experts agree that while there may be short-term dips in market returns, most carefully selected strategies work well for investors over the long term.

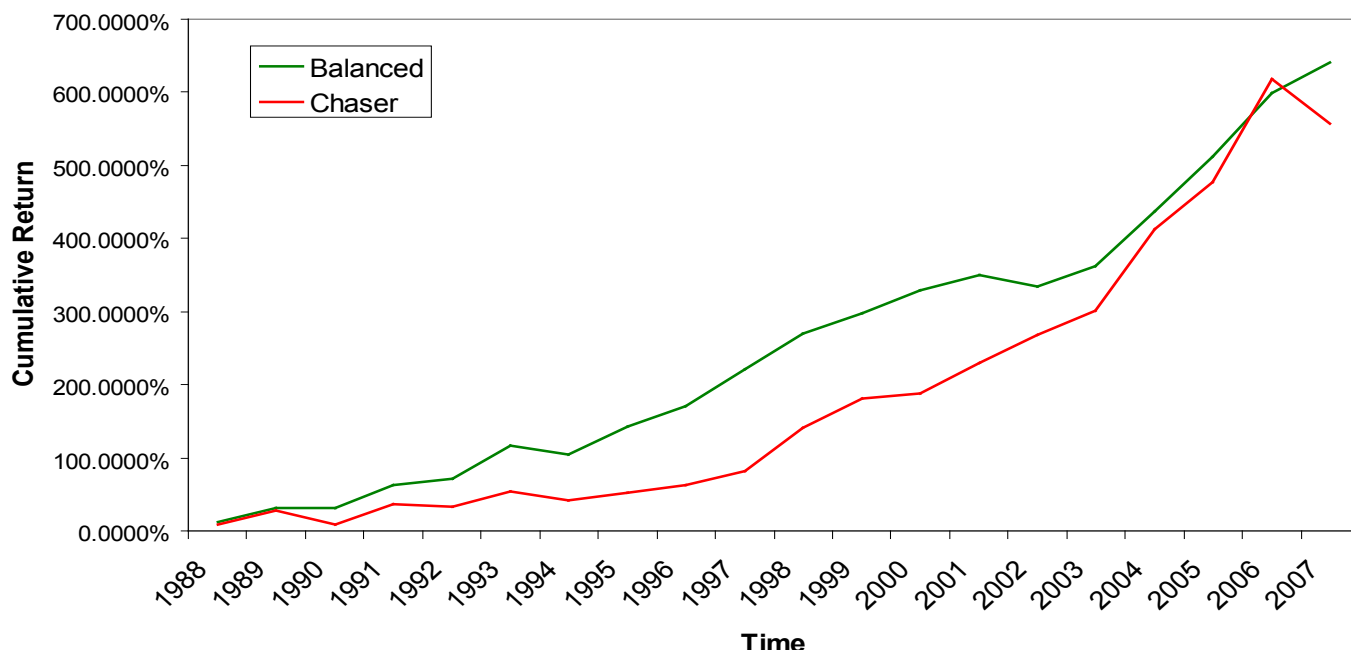
That's why it is important to remember why you selected your investment strategy in the first place. You might have chosen it for a number of reasons, such as:

- To meet your financial goals
- Because of the number of years you need to fund your retirement (or until retirement if you or your partner hasn't retired yet)
- Your level of risk tolerance
- To diversify your investments and spread your risks
- It's generally the right strategy for your life stage.

If your reasons haven't changed, perhaps it's best to sit tight even if it is a bit tough at the moment. If your reasons have changed, however, or you wish to review your investments, please call Member Services on **1800 067 059**.



### Chasing returns vs Balanced returns



Performance indices used to compile this table are: Australian shares - All Ordinaries Accumulation Index; International shares - MSCI World Gross Accumulation Index (\$A); Property - Listed Property Trust Accumulation Index; Australian Bonds - Commonwealth Bank Bond Accumulation Index; Cash - UBS Warburg Australia Bank Bill Index. All earnings are reinvested but do not take into account the impact of tax and fees on earnings. This example is based on historical performance and is not indicative of future performance (future performance is not guaranteed and is dependent upon economic conditions, investment management and future taxation). The Balanced column refers to a portfolio mix of 30% Australian shares, 20% international shares, 10% Property, 30% Australian Bonds, and 10% Cash.

## More from *Fair Go*



### FuturePlus Super makes choosing the right health cover easy

Manchester Unity's qualified advisors do everything they can to make health insurance easier to understand so you can make the best choice of cover for you and your family.

#### Special Offer!

Manchester Unity is offering all FuturePlus Super members **discounted rates** and an **obligation free** health cover needs analysis.

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email: [futureplus@manchesterunity.com.au](mailto:futureplus@manchesterunity.com.au)



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## Super legislative changes

### Removal of differential treatment for same-sex couples

Currently, same-sex couples are not treated as 'spouses' of one another under a large number of Commonwealth laws, including those relating to tax and superannuation. The government has proposed to amend superannuation laws to remove any differential treatment around superannuation benefits for people in same-sex relationships.

### Tax File Numbers

You are not compelled to provide your TFN and deciding not to quote your TFN is not an offence. However, if you do not provide your TFN you may pay more tax on your superannuation benefits and your superannuation fund may not be able to accept certain contributions.

### New condition of release 'Terminal Medical Condition'

The Government has introduced a new condition of release ('Terminal Medical Condition'), which makes superannuation lump sum payments tax free when paid to individuals suffering from terminal medical conditions.

For more information on any of these issues, please call Member Services on **1800 067 059**.

## New Chifley CEO



Richard Powis has been appointed as the new CEO of Chifley Financial Services.

Richard was previously the Chief Executive Officer of Integral Energy and brings extensive leadership experience to handle the challenges of managing one of Australia's largest superannuation service providers.

He possesses substantial financial strategy credentials and commercial acumen

and is well respected for his ethical leadership and ability to deliver impressive business results.

## Your first home is in reach



### Dreaming of buying your first home? Well, help is at hand.

Firstly, the Government has announced a first home saver account scheme to help you save. From 1 October 2008, you will be able to contribute up to \$75,000 (indexed annually) into special accounts and the interest will only be taxed at 15%, rather than your marginal rate which could be as high as 46.5%.

You will also receive a government contribution of 17% on the first \$5,000 contributed annually. And, you will be able to withdraw from the account without tax consequences provided that you contribute at least \$1,000 in four separate financial years and are using the funds to buy or build your first home.

Secondly, as a member of this Fund, you are able to secure one of the most competitive home loans in the market from Chifley Home Loans.

Chifley Home Loans offers you low interest rates, a choice of loans to suit your circumstances and a simple process that takes all the hard work out of getting and maintaining your home loan.

Some of our Home Loan features include:

- Application fee - \$0
- Monthly account keeping fee - \$0
- Split loan fee - \$0
- Electronic redraw fee - \$0
- Redraw facility - yes

For more information on Chifley Home Loans, call **1800 800 002**.

## Regional office details are:

### Lismore

81- 83 Molesworth St

### Newcastle

161 King St

### Orange

187 Summer St

### Parramatta

10-14 Smith St

### Sydney

28 Margaret St

### Wagga Wagga

Shop 2/209 Baylis St

### Wollongong

Shop 2 & 3, 60 Burelli St

### Albury\*

621 Dean St

Office hours 8.30am - 5.00pm  
Monday - Friday

\*Bookings are essential. Phone 1800 067 059 to make an appointment.

# How have investment markets performed?



## Financial year ending June 2008

Battered by the fallout from the US sub-prime crisis, investment markets proved to be difficult for investors during the financial year to end June 2008.

Firstly, there were the huge losses announced by major global banking groups as a result of the crisis. Then there was the credit crunch where nobody wanted to lend money, making it harder and more expensive for companies to borrow. And, then there was the slowing of the US economy and worries that this would affect the economies of the US's trading partners around the world.

Also increasing investor anxiety was the surging price of commodities like oil, largely resulting from rapid growth in emerging markets like China and India. Investors feared that higher commodity prices could boost inflation, prompting central banks to lift interest rates, which in turn could increase the already high costs of company borrowings and restrain consumer spending, further hurting company profits.

## Australian shares

Australian shares produced their worst performance in 25 years, falling 13.4% over the year. In addition to the damage inflicted by the credit crunch, there were signs of a slowdown in the Australian economy, a drop in consumer spending and hints from the Reserve Bank that it might have to hike up interest rates later in the year to tackle rising inflation.

Buoyed by rising high oil prices, the energy sector produced the best performance but the materials sector also delivered a positive return.

## International shares

Major markets around the world also performed poorly due to surging oil prices, concerns about inflation and lingering credit

issues. Overall, world stock markets sagged 21% over the year. Japan's Nikkei fell by 25.7% over the financial year, Germany's DAX by 19.8%, the UK's FTSE by 16.3% and the US's S&P 500 by 15%.

## Listed Property Trusts (LPTs)

After years of strong returns, LPTs delivered their first annual negative return since 1989, a big fall of 37.7% for the year. Nervousness has dogged this sector ever since December last year when Centro revealed its funding problems in the wake of the credit crunch. Investors then began questioning the safety of some LPTs because of their past borrowing practices and the prospects of higher interest rates further soured sentiment towards this sector.

## Fixed interest and cash

Although returns from bonds declined towards the end of the financial year as expectations for higher inflation and interest rates grew, international bonds gained 7.9% over the year and Australian bonds rose 4.4%. Cash returned a solid 7.4% for the year.



Would you like to have a better understanding of how to manage your money, increase your savings, improve your investment portfolio or ensure you have enough on which to retire?

As a valued member of this Fund you can attend a FREE seminar. Please visit

[www.futureplussuper.com.au](http://www.futureplussuper.com.au) or contact Member Services on **1800 067 059** to find out about dates and locations.

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