

## CSR Super:

- Not for profit
- Run by members for the benefit of members
- No entry fees, exit fees, switching fees or contribution fees
- No commission to any agents

## Net earning rates\* – Division Two and Division Three

Option	Division Two		Division Three	
	Quarter ended 30/06/09	Financial Year 1/7/08 to 30/06/09	Quarter ended 30/06/09	Financial Year 1/7/08 to 30/06/09
High Growth <i>(95% growth assets/ 5% defensive assets)</i>	<b>10.54%</b>	-18.30%	<b>10.67%</b>	-18.43%
Moderate Growth <i>(75% growth assets/ 25% defensive assets)</i>	<b>7.38%</b>	-12.90%	<b>7.55%</b>	-13.36%
Lower Growth <i>(40% growth assets/ 60% defensive assets)</i>	<b>4.88%</b>	-4.90%	<b>4.80%</b>	-5.06%
Protected	<b>0.71%</b>	4.61%	<b>0.70%</b>	4.65%
Capital Secure <i>(closed option)</i>	<b>0.53%</b>	3.83%	n/a	n/a

\*Net earning rates are after tax and indirect management costs

## Net earning rates\* – Allocated pension/Transition to Retirement

Option	Quarter ended 30/06/09	Financial Year 1/7/08 to 30/06/09
High Growth Pension	<b>11.46%</b>	-15.80%
Moderate Growth Pension	<b>8.71%</b>	-12.87%
Lower Growth Pension	<b>7.60%</b>	-7.32%
Protected Pension	<b>0.75%</b>	5.32%

\*Net earning rates are after indirect management costs

**Note:** the pension options have different asset allocations than the Division Two/Three options and will therefore have different investment performance results.

## Investments

The financial year ended 30 June 2009 was a roller coaster ride for Australian and global share markets. Global financial markets had significant negative returns and the Australian sharemarket recorded its worst financial year performance since 1982, with a fall of 20.34%. The fund's High Growth Option, Moderate Growth Option and Lower Growth Option all have varying allocations to the Australian and global share markets and are therefore impacted by what happens in these markets.

During these difficult and volatile times, where international markets fell significantly after the bankruptcy of Lehman Brothers in September 2008 to decade lows in early March 2009, the fund's diversified portfolios have performed relatively well considering the turbulence in the financial system. Diversification of asset classes and better than benchmark performance by a number of the fund's investment managers has helped shield members from the worst of the negative performance of the Australian and global share markets.

The Trustee and fund management, who are also members of the fund, understand that negative returns are very disappointing and appreciates the loyalty members have shown during the recent market downturn. The Trustee continues to focus on superannuation returns over the medium and longer term and has an ongoing process for review of the fund's asset allocation to both listed and unlisted assets.

With the 2008/09 financial year representing the second consecutive year of negative returns for many members of Australian superannuation funds it is important to keep a longer term perspective and look at historical returns to help put these recent events into context. Although there have been shorter term periods in history when cash and fixed income investments have performed better than shares, over the long run, history has shown that share markets have delivered better returns.

Superannuation is first and foremost a tax effective savings vehicle and for most members is a long term investment which benefits from the "magic of compound interest", i.e. earning earnings on earnings. Of course some members may well have a shorter timeframe. Therefore, each member needs to consider their individual timeframe and risk appetite when deciding on which investment option/s is best for them.

As we look towards the second half of 2009 and into 2010 many financial market commentators and economists have called March 2009 as the bottom for domestic and international equity markets. Since this time, and in conjunction with significant government stimulus and record low interest rates across the globe, many in the market have observed various "green shoots" emerging across the global economy. The pace of decline in manufacturing and industrial output has moderated while consumer confidence has gradually started to improve. Investors seem to be increasingly optimistic about the prospect of a sustained recovery and subsequently share markets have rallied by 35% between March 2009 and the end of July 2009.

The June 2009 quarter was the best quarter of returns for the Australian share market since 2000. This reflects the continuing volatility of share markets as both good and disappointing news continues to cause significant daily movements in global share markets.

### Market Review\*

- The Australian share market (S&P/ASX 300 Index) returned 11.49% for the June 2009 quarter and -20.34% for the 12 months to 30 June 2009.
- International shares, as measured by the MSCI World Net Accumulation Index, returned for the June 2009 quarter 3.77% unhedged and 16.36% on a hedged basis and -16.31% and -28.17% respectively for the 12 months ending 30 June 2009.
- The Australian bond market (UBS Australian Composite Bond (LBD) Index) returned -1.33% for the quarter and 10.82% for the year ending 30 June 2009.

*\* All performance returns are before tax and investment management costs*

## Super fees

***The trustee remains committed to continuing to provide value for money for members of the Fund.***

The indirect management costs (i.e. investments costs which are not deducted from your account balance but rather taken into account when determining the net earning rate) **decreased** during the year ended 30 June 2009. The fees for both Divisions Two and Three are as follows:

High Growth Option	Moderate Growth Option	Lower Growth Option	Protected Option
0.61% pa	0.50% pa	0.34% pa	0.15% pa

We are also pleased to advise that the administration fee of \$12 per month (net of tax) remains unchanged.

The following table shows total super fees (net of tax) as a percentage of assets on a range of account balances using the Moderate Growth Option, which has a 75% Growth Assets/25% Defensive Assets split.

Account balance (invested 100% in the Moderate Growth Option)	Total fees – as a percentage of assets*
\$ 50,000	0.79 %
\$100,000	0.64 %
\$200,000	0.57 %
\$250,000	0.56 %
\$500,000	0.53 %
\$750,000	0.52 %

*\*including both the \$12 per month admin fee and indirect management costs.*

The fees shown above compare very well with a table published in the Sydney Morning Herald Money section on 5 August 2009 – see below.

SUPER FEES – AS A PERCENTAGE OF ASSETS		
Sector	Fund type	Annual fees %
Wholesale	Corporate super mastertrusts	0.79
	Corporate	0.73
	Industry funds	1.07
	Public sector funds	0.69
Retail	Small employer mastertrusts	2.12
	Personal superannuation	2
	Retirement income	1.84
	Retirement savings accounts	2.3
	Eligible rollover funds	2.49
Small funds	Self-managed super funds	0.98
SOURCE: RICE WARNER ACTUARIES		

## Retirement lifestyle

The latest Westpac ASFA Retirement Standard shows that a couple looking to achieve a comfortable retirement would spend \$50,771 a year, while a couple seeking a 'modest' retirement lifestyle would spend \$27,547 a year.

### Budgets for various households and living standards

	Modest lifestyle couple	Comfortable lifestyle couple
Total per week	\$528.30	\$973.68
Total per year	\$27,547.00	\$50,771.00

### Comfortable retirement lifestyle

An annual amount of \$50,771.00 for a couple enables an older, healthier retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as: household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel.

### Modest lifestyle in retirement

An annual amount of \$27,547 for a couple is better than the Age Pension, but a retiree is still only able to afford fairly basic activities.

## Significant Event Notice - Trust Deed Amendment

The Harwood Superannuation Fund Trust Deed and Rules was amended on 17 July 2009. The significant changes are as follows:

- *Division Three definitions of "Disabled" and "Insurer"* updated for clarity as to the date of disablement.
- *Inclusion of Terminal medical condition* as a condition of release.
- Allowing *Allocated Pensioners* to roll all or part of their benefit in Division Four back into Division Two or Division Three as a Retained Member.
- *Earning rate or unit pricing errors* - Clause 11.1(d) was inserted to provide that, where an error occurs in respect of any aspect of the management or administration of the Fund, the Trustee must consider the extent of the error on benefits paid or payable from the Fund, and may determine the extent to which it will rectify the consequences of the error having regard to such matters as the Trustee considers appropriate.
- *Allow contributions by current employers of Retained Members and Spouse Members.*
- *Optional death only cover* – this amendment enables the Trustee to offer optional death only insured cover to Retained Members and Spouse Members of the fund.
- *Minimum level of death only cover* – as required under Superannuation Guarantee legislation.
- Amendments in Divisions Two, Three and Four – broadens the definition of spouse and child.

If you would like a copy of the Harwood Superannuation Fund Trust Deed and Rules please visit the CSR Super website, [www.csrsuper.com.au](http://www.csrsuper.com.au) or call the inquiry line on (02) 9235 8533 and ask for a copy to be sent to you.

## Intra-fund advice

The Australian Securities and Investments Commission (ASIC) has released legislation that enables superannuation fund trustees to provide personal advice to fund members about their own products, subject to the Trustee holding a license to provide personal advice. Currently, the Trustee is only licensed to provide general financial product advice in superannuation and is considering this new legislation.

## Contributions caps have decreased from 1 July 2009

The Government has decreased the contributions caps from 1 July 2009 as follows:

- **Concessional contributions** (employer, salary sacrifice, basic insurance premiums met by your employer for *Division Two* members and for SCG and defined benefit members the "notional" taxable contribution):

**Aged less than 50** - \$25,000 p.a. (2009/2010) (indexed)

**Aged 50 to 74\*** - \$50,000 p.a. (up to 30/6/2012) (not indexed)

\*Note – From 1/7/2012 this cap reverts to \$25,000 p.a. (indexed)

- **Non-concessional contributions** (after-tax contributions) - \$150,000 p.a. for 2009/2010 financial year. However if you are *under age 65* you will be allowed to bring forward 2 years worth of contributions e.g. \$450,000 in one year (2009/2010).

Please note that the effective rate of tax for concessional and non-concessional contributions over the contributions cap will be 46.5%, which is imposed on the individual. If you are concerned that you may be contributing over either of the contribution caps please call the inquiry line on (02) 9235 8533.

*Note: Packaged Employees – The percentage of salary sacrifice contributions that you make to super is now based on your Total Package, not your base remuneration.*

## Extra co-contribution payment to boost your super

The Government's co-contribution scheme is designed to help lower income earners save more for retirement.

From 1 July 2009 to 30 June 2012, if you are eligible and you earn \$31,920 (indexed) per year or less in a financial year, for every \$1 of personal after-tax contributions you make the Government will contribute \$1, up to a maximum co-contribution of \$1,000 a year.

If you earn more than \$31,920, the amount of the Government co-contribution will progressively reduce until it cuts out at an income level of \$61,920 (part of which is indexed) per year. The matching rate and maximum co-contribution will increase to \$1.25 per dollar and \$1,250 (respectively) for the 2012-13 and 2013-14 financial years, and revert to \$1.50 per dollar and \$1,500 (respectively) for the 2014-15 financial year onwards. Your "income" for the purposes of these limits includes your total assessable income plus any reportable fringe benefits. Your "income" also includes any salary sacrifice superannuation contributions. (Please see *Reportable Superannuation Employer Contributions* below).

You may be eligible to receive a Government co-contribution if you:

- make after-tax contributions in a year of income and do not claim a tax deduction for at least part of the contribution;
- you receive at least 10% of your income as an employee or from running a business (or both);
- you do not hold an "eligible temporary resident visa" at any time during the year;
- you are under 71 years of age at the end of the year; and
- you lodge your income tax return for the year of income.

When you lodge your income tax return, the Government will determine your eligibility for the co-contribution and will pay the co-contribution directly to the fund on your behalf.

*Note: If you are eligible and wish to take advantage of the co-contribution, the Trustee recommends that you speak to a licensed financial adviser. If you wish to make or increase your after-tax contributions, contact your payroll officer. You should note that after-tax contributions can only be accepted if the fund has your TFN.*

## Reportable Employer Superannuation Contributions (RESC)

The Tax Laws Amendment (2009 Measures No.1) Act 2009 requires an employer to show **Reportable Employer Superannuation Contributions (RESC)** on *PAYG Payment Summaries* issued from 1 July 2009. The ATO will calculate a number of entitlements by including the RESC amount in certain income tests, including a range of Centrelink and Child Support benefits. Basically, RESC are salary sacrificed super contributions or other contributions your employer makes to a super fund on your behalf that are **additional** to mandated (compulsory) employer contributions.

The ATO will include the RESC amount in your total assessable income that is used to determine your eligibility for the Super Co-contribution.

## Directors of Harwood Nominees Pty Limited (Trustee)

The Trustee is governed by a constitution and is made up of 10 directors. Half of the directors are appointed by members and the other half are appointed by the two plan employers.

Mr Colin Shoebridge, the Member Nominee Director for CEMEX Super – *Division Three*, resigned from the board effective 12 June 2009. The Trustee called for nominations and will be appointing a new director shortly.

Mr Darren Timms, an Employer Nominee Director appointed by CSR Limited, resigned from the board effective 12 June 2009. The Trustee is pleased to advise that Miss Renee Van Vugt has replaced Mr Timms as an Employer Nominee Director appointed by CSR Limited.

The current director listing is as follows:

### **Employer Nominee Directors (CSR Limited)**

Warren Gray                      Debbie Schroeder  
Renee Van Vugt

### **Member Nominee Directors (CSR)**

Mick Galbraith                  David Walker  
Adrien Hoesli

### **Employer Nominee Directors (Rinker Group Pty Limited)**

Brian Gill  
Brad Tallon

### **Member Nominee Directors (CEMEX)**

Greg Blackford  
Vacant

## Authorised Representatives update

Authorised Representatives of the Trustee are authorised to provide general financial product advice in relation to superannuation. We are pleased to advise that the Trustee has appointed two new authorised representatives. The current authorised representatives are:

Roslyn Ramwell  
Kristen Broder

Greg Diamond  
Maria Reissis

Danielle Reay  
Tim Williams

Melissa Gomes

### **CSR SUPER CONTACT DETAILS**

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### **Disclaimer:**

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