

### CSR Super Division Two - concessional contributions

Since 1 July 2007, annual caps apply to both concessional (ie employer and salary sacrifice) and non-concessional contributions (member after tax contributions) for each financial year. The current caps are:

**Non concessional : \$150,000** per financial year, although before age 65 contributions for two years can be brought forward, therefore the total three years' contributions of \$450,000 can be made in one year. Non concessional contributions over the cap will be taxed at the rate of 46.5%.

**Concessional : \$50,000** per financial year. However, until 30 June 2012, persons aged 50 or over can have a cap of \$100,000. The effective rate of tax for concessional contributions over the cap will be 46.5%.

Included in the concessional contributions for CSR Super Division Two members is the cost of any basic death and total and permanent disablement insurance premium met by the employer.

#### Contact Details

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# SuperNews

## Great News!

### Harwood now offers a Transition to Retirement allocated pension

The Fund now offers both a standard allocated pension and a Transition to Retirement allocated pension. Transition to Retirement allocated pensions allow a person aged 55 or over to convert all or part of their superannuation account balance (even preserved benefits) into a regular monthly income stream. Transition to Retirement allocated pensions were initially introduced so people working part-time prior to retirement could access their superannuation as an income stream to supplement their pay.

Since the introduction of "Better Super" and the removal of tax on lump sums and income streams for people aged 60 or over there has been a lot of interest in moving preserved money into a Transition to Retirement allocated pension. This is because a person can take a concessional tax pension (ie no tax payable on the pension if aged 60 or over and a 15% tax rebate for those under 60) and at the same time salary sacrifice back into superannuation.

For information on the Fund's allocated pensions please contact the inquiry line and ask for a copy of the Product Disclosure Statement (PDS) to be sent to you or visit [www.csrsuper.com.au](http://www.csrsuper.com.au). If considering these products it is recommended you seek the help of a financial services licensee who is licensed to provide personal financial product advice. To assist your adviser it is recommended you provide them with a copy of the Fund's Allocated Pension/Transition to Retirement PDS for their consideration.

### Result of election for Member Nominee Directors for the trustee board

A recent election was held for two Member Nominee Director positions for the board of Harwood Nominees Pty Limited, the trustee of the Harwood Superannuation Fund. The ballot closed on 3 January 2008, with the following results:

Mr Mick Galbraith - CSR Super Division One, Division Two and MonierPGH Super (Division Five)  
Mr David Walker - CSR Super Division Three (Sugar Group)

The following two directors were reappointed unopposed:

Mr Adrien Hoesli - CSR Super Division Three (General Group)  
Mr Colin Shoebridge - Rinker Super Division Three

### Appointment of Employer Nominee Director

As Mr David Miller will shortly be ceasing employment with CSR Limited he has tendered his resignation from the trustee board.

Ms Debbie Schroeder has been appointed as a CSR Employer Nominee Director to replace David with effect from 1 February 2008.

#### Disclaimer:

Any advice provided by Harwood Nominees Pty Limited or its authorised representatives has been prepared without taking into account your objectives, financial situation or needs. You should, before acting on any advice, consider the appropriateness of the advice, having regard to your objectives, financial situation or needs. If the advice relates to investing in a superannuation product, including CSR Super, you should obtain and consider the Product Disclosure Statement for the product before deciding to invest.

## Investments

Negative sharemarket returns over the December 2007 quarter have resulted in single digit calendar year returns for the first time in many years for those options with exposure to shares. Although this is disappointing for our members it is important to remember that superannuation is a long term tax effective investment, which became even more attractive since tax on lump sums and pensions was removed for people aged 60 years and over from 1 July 2007. There is always the possibility of short-term volatility when investing in shares. However, history shows that over the long term a diversified balanced or growth investment option will outperform cash.

The most important thing for a member is to determine their long term investment objective and to choose an option that suits their risk and return preferences and to maintain their long term retirement savings plan. Please refer to the 5 year compound average returns shown under the various investment options.

## Investment Commentary

Australian shares ended the year under pressure, declining 2.7% in the December quarter on concerns about the continuing fall-out from the sub-prime issues and the slowing US economy. The healthcare sector performed strongly given the defensive nature of its earnings while some resources were stronger following BHP's takeover approach to Rio Tinto.

Significant volatility impacted global markets during the quarter with most major markets negative with the US and Japan among the weaker performers. This was a result of the continuing sub-prime woes and concerns over whether there would be spill over into the real economy. US recession fears and the prospect of slowing global growth also led to weaker global equity markets returning. Equity market turbulence along with rising mortgage delinquencies in the US prompted the resurgence of the "flight to quality" theme. Emerging markets, led by India, were strong, returning 3.7% for the quarter.

The listed property trust sector declined by 13.0% during the quarter, extending an extremely volatile run that has seen monthly returns range between -7% and 8% in the last year. The quarter was dominated by the news that Centro and its related groups were unable to refinance over \$3.5b of unsecured debt. Centro finished the quarter down over 80%, a market capitalisation decrease of approximately \$8 billion. This event and the high debt levels of the listed property sector weighed heavily on the market and led to the heavy fall in the index. Overall, our options' exposure to Centro was slightly underweight our strategic benchmark asset allocations.

In November the Reserve Bank of Australia lifted the cash rate to 6.75% due in part to inflationary concerns. Fixed interest returns were subdued, but positive. Australia's economic strength weighed on the bond market in December, with strong employment growth, economic growth, and rising consumer confidence sustaining expectations that the Reserve Bank will raise rates in early 2008.

Superannuation funds continue to deliver strong returns over the long term, driven mainly by the capital growth from equity markets. Market participants expect more volatility in 2008 with slower US and European economic growth with analysts concluding that equity valuations are becoming more attractive.

## Market Review\*

- The Australian share market (S&P/ASX 300 Index) returned -2.7% for the December 2007 quarter and 16.2% for the 12 months to 31 December 2007.
- International shares, as measured by the MSCI World Net Accumulation Index, returned for the December 2007 quarter -1.7% unhedged and -2.8% on a hedged basis and -2.1% and 6.2% respectively for the 12 months ending 31 December 2007.
- The Australian bond market (UBS Australian Composite Bond (LBD) Index) returned 0.3% for the quarter and 3.5% for the year ending 31 December 2007. These returns are less than cash rates.

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

## Division Two & Division Three net earning rates

The net earning rates for the quarter ended 31 December 2007 for Division Two and Division Three were:

Option	Division Two				Division Three			
	Qtr ended 31/12/07	FYD 1/7/07 to 31/12/07	Rolling 12 months to 31/12/07 % p.a.	5 year compound average to 31/12/07 % p.a.	Qtr ended 31/12/07	FYD 1/7/07 to 31/12/07	Rolling 12 months to 31/12/07 % p.a.	5 year compound average to 31/12/07 % p.a.
High Growth	-1.33%	0.74%	7.69%	14.57%	-1.41%	0.66%	7.63%	14.48%
Moderate Growth	-1.29%	0.68%	6.21%	12.12%	-1.39%	0.53%	6.05%	12.10%
Lower Growth	-0.85%	0.93%	4.06%	8.27%	-0.85%	0.93%	3.94%	8.27%
Protected	1.12%	2.18%	4.92%	4.82%	1.07%	2.26%	5.09%	4.86%
Capital Secure	1.75%	3.53%	7.06%	5.54%		n/a		n/a

Net earning rates are after tax and indirect management costs have been deducted.

## Allocated Pension net earning rates

The pension options have different asset allocations than the Division Two/Three options and will therefore have different investment performance. For detailed information on the strategic asset allocation of either the allocated pension or Division Two/Three investment options please refer to the relevant Product Disclosure Statement.

The net earning rates for the quarter ended 31 December 2007 for the Allocated Pension Division Four were:

Allocated Pension (Division Four)			
Option	Qtr ended 31 Dec 07	FYD 1/7/07 to 31/12/07	Rolling 12 months to 31/12/07 % p.a.
High Growth Pension Option	-2.29%	0.42%	8.25%
Moderate Growth Pension Option	-1.51%	0.36%	6.41%
Lower Growth Pension Option	-1.08%	0.90%	4.56%
Protected Pension Option	1.66%	2.69%	5.72%

Net earning rates are after indirect management costs have been deducted. Allocated pension investment income is not subject to tax (negative or positive)