VicSuper
MAKING SENSE OF IT ALL

An employee's guide to making sense of
Choice of fund legislation

Contents

About this guide

Effective from 1 July 2005, choice of fund legislation will allow many Australians to advise their employer of the superannuation fund they would like their superannuation contributions paid into.

To ensure that our members are fully informed about the new legislation, VicSuper has produced *An employee's guide to making sense of choice of fund legislation*. This guide will give you information you need to know about choice of fund.

This includes:

- an overview of choice of fund
- how to check whether your employer has to offer you a choice in accordance with the legislation
- details on how your employer will offer you a choice, if applicable
- what you need to do if your employer offers you choice of fund
- what to look at when assessing super funds
- a handy guide to comparing VicSuper Fund to other super funds
- how you can ensure that your super contributions continue to be paid into VicSuper Fund.

An introduction to choice of fund

Last year the Federal Government introduced legislation that from 1 July 2005 will give many Australians the opportunity to choose which super fund receives the compulsory superannuation (SG) contributions employers make on their behalf.

Your employer may already be offering you choice of fund, but for the majority of Australians, employers currently choose the fund into which they pay SG contributions. They may also refuse any employee requests to have their SG paid into an alternative fund.

Under choice of fund however, all employers will be obliged to pay SG to an employee's chosen fund (subject to conditions) *unless* the employee belongs to one of the categories of employees who are not eligible to choose a fund under the new rules.

What types of contributions does choice of fund apply to?

Choice of fund only applies to the SG contributions employers make on your behalf from 1 July 2005. It does not apply to any other types of contributions, including salary sacrifice, eligible spouse and personal contributions, and those in excess of SG (ie, any employer contributions you receive above the compulsory 9%).

Even if you are offered a choice and opt for another fund, any contributions made prior to 1 July 2005 may remain in your existing fund (depending on the fund's rules). These contributions include SG contributions as well as any voluntary contributions such as salary sacrifice. If you wish to transfer your pre-1 July 2005 contributions to an alternative fund, you can organise this by rolling over these benefits to the other fund (subject to conditions). For more information, please refer to page 7.

Why has the Government introduced choice of fund?

Although employers have been obliged to make superannuation contributions on behalf of their employees since 1 July 1992, presently many employees don't have a say in which fund their money is invested. With choice of fund, the Government aims to encourage more people to take an active interest in their superannuation, which will be the major source of retirement income for many Australians going forward.

The Government also believes that choice of fund will increase competition between super funds, and lead to lower fees and improved services for members – natural by-products of people looking more closely at their superannuation providers, and asking them important questions about features such as fees, investment strategy and services. As part of this, the Government has introduced new fee disclosure requirements that will apply to all super funds effective from 1 July 2005, along with the choice of fund legislation.

The Federal Government has also commenced an education campaign to help employees understand choice of fund. For more information go to www.superchoice.gov.au or phone 13 28 64.

As always, you can also contact our Member Centre on **1300 366 216** to speak to one of our superannuation consultants, who can answer any general query you have about choice of fund, superannuation or your VicSuper Fund account.

Note: Your employer cannot provide you with financial advice unless they are licensed to do so. This applies to choice of fund as well.

"My employer opened a VicSuper Scheme account for me when I first commenced work. I've been really happy with VicSuper; in fact, I've since rolled all of my other super accounts into VicSuper Scheme as well as making additional salary sacrifice contributions."

David Holmsen,
Primary school teacher

Will your employer have to offer you a choice under the legislation?

Whether or not you are entitled to a choice in accordance with the new legislation depends on the arrangements your employer currently has in place for making compulsory superannuation (SG) contributions on your behalf.

The new legislation outlines certain categories of employees who are not eligible to choose a fund under the new rules – if you belong to one of the categories listed below, your employer will not need to offer you a choice in accordance with the legislation. However, even if you are not entitled to a choice under the legislation, you employer may still be offering you choice of fund, eg as part of your existing employment arrangement.

If you are unsure, your employer can confirm whether or not you are entitled to a choice.

If your superannuation contributions are being paid …

…under, or in accordance with:	for example	your employer's obligations
• an Australian Workplace Agreement (AWA) • a certified agreement (CA; also known as an Enterprise Bargaining Agreement or EBA) • an employment agreement under the *Employee Relations Act* 1992 (Vic) which continues to be in force under the *Workplace Relations Act* 1996 (Cwlth) • the *Superannuation (Productivity Benefit) Act* 1998 (Cwlth)	• The Victorian Public Service (VPS) Agreement 2004 • V/Line Passenger Enterprise Agreement 2003-2006	Your employer is already meeting their choice of fund obligations for you and does not need to offer you a choice in accordance with the legislation.
… to an unfunded public sector superannuation scheme	In Victoria, the State Superannuation Fund's (SSF's): • Revised Scheme • New Scheme • State Employees Retirement Benefits (SERB) Scheme • Transport Scheme	Your employer is already meeting their choice of fund obligations for you and does not need to offer you a choice in accordance with the legislation.
… under a prescribed law	• *The Emergency Services Superannuation Act* 1986 (Vic)	Your employer is already meeting their choice of fund obligations for you and does not need to offer you a choice in accordance with the legislation.

We can illustrate the legislation's requirements by looking at some examples.

Example 1

Derek works for a medium-sized accounting firm. Like most of the company's employees, he is employed under a certified agreement (CA) that contains a superannuation provision. This provision states that his employer will pay the equivalent of 9% of Derek's salary into VicSuper Fund, the agreement's 'nominated' superannuation fund.

Under the legislation, Derek's employer would be meeting their choice of fund obligations for Derek (and other employees covered by the CA) as long as they make SG contributions "under, or in accordance with" the CA's superannuation provision.

This is because the superannuation provision is an 'enforceable undertaking', meaning that Derek could take legal action to enforce the agreement if his employer did not pay 9% superannuation on his behalf to VicSuper Fund.

Example 2

Derek's manager, Louise, is employed under an individual contract that she negotiated with her employer when she was promoted to her current position. As her contract is neither an AWA nor a CA, and she does not fit into any of the other categories of employees who are not eligible to choose a fund under the new rules, Louise's employer must offer her choice of fund in accordance with the legislation.

If your superannuation contributions are being paid ...

If your superannuation contributions are being paid ...	for example	your employer's obligations
...under, or in accordance with, a State industrial award, at least in part	Employees in Victoria are covered by the Federal workplace relations system, which means there are no State awards in Victoria.	Your employer is already meeting their choice of fund obligations for you and does not need to offer you a choice in accordance with the legislation. **Note:** Victorian employees covered by Federal awards will be offered a choice under the legislation.
...to the Commonwealth Superannuation Scheme (CSS) or Public Sector Superannuation Scheme (PSS)	Only Commonwealth employees can become members of either of these super funds.	Your employer is already meeting their choice of fund obligations for you and does not need to offer you a choice in accordance with the legislation.
... under neither of the arrangements listed above	Federal industrial awards	Your employer is not meeting their choice of fund obligations for you and is required to offer you choice of fund in accordance with the legislation.

Note: The Federal Government has indicated that it will amend legislation to provide employees under State industrial awards and new Commonwealth employees choice of fund from 1 July 2006.

Example 3

Merlin works for the Department of Sustainability and Environment. He was previously employed by the Department of Infrastructure, where he began as a Planning Officer in 1992 after completing his tertiary studies. As part of the terms and conditions of his employment, he is a member of the State Superannuation Fund's New Scheme, an unfunded public sector superannuation scheme.

As Merlin's super is going to an unfunded public sector superannuation scheme, his employer is already meeting their choice of fund obligations for him. This means that Merlin will not be offered a choice in accordance with the new legislation.

Example 4

Stacey has been a Victorian public servant for five years. Since 2004, she has been employed under the Victorian Public Service Agreement (VPS) 2004, a certified agreement that applies to her and many of her colleagues in the Victorian Public Service. Under the terms and conditions of this agreement, Stacey's employer is obliged to make SG contributions to a complying superannuation fund on her behalf.

As long as Stacey's employer is paying her contributions "under, or in accordance with" the agreement, they are already meeting their choice of fund obligations. This means that Stacey will not need to be offered a choice in accordance with the legislation. However her employer may still allow her to choose a fund under their own internal policies and procedures.

How will your employer offer you a choice?

If your employer is required to provide you with a choice in accordance with the new legislation, they must give you a 'standard choice form'. This is the form on which you may nominate your preferred super fund. However it is important to note that even if you are offered a choice, you do not have to change super funds.

Your employer must generally provide you with a standard choice form within certain timeframes. These timeframes depend on your individual circumstances, as shown in the following table:

If you…	your employer must give you a standard choice form…
are employed by an employer at 1 July 2005	by 29 July 2005
start employment with a new employer after 1 July 2005	within 28 days of your commencement date
request a form	within 28 days of your request
have your SG contributions paid into your employer's 'employer fund' (see page 5 for details) and your employer changes this employer fund	within 28 days of your employer changing the employer fund
have already chosen a fund but your employer is unable to contribute to the fund	within 28 days of your employer becoming aware that they cannot contribute to the fund
have your SG contributions paid into a fund that no longer meets the legislative requirements	within 28 days of your employer becoming aware that the fund no longer meets the requirements

The only circumstances in which your employer **does not** need to give you a standard choice form are when you have already informed them of your chosen fund and provided all the required information (see page 5) within the applicable timeframe.

Q: I already have choice and have exercised this choice – does my employer still need to give me a standard choice form by 29 July 2005?

A: Under choice of fund, employers will need to offer a choice to all employees who fall outside the categories of employees who are not eligible to choose a fund under the new rules (as detailed on pages 2 and 3). This is true regardless of whether an employer is already offering choice of fund.

However your employer will not have to provide you with a standard choice form if:

- you have already given your employer written notification of your preferred fund, including all the required information (see page 5) *and*
- your employer is able to contribute to that fund on your behalf.

You are still entitled to request a standard choice form from your employer, who must then give you the form within 28 days of your request.

What do you need to do if your employer offers you a choice?

While your employer may be required to provide you with a standard choice form, it is not compulsory for you to complete the form.

If you receive a standard choice form, you should firstly check what fund is listed as the employer fund, ie the fund your employer will pay your contributions into if you do not make a choice. Once you have done this, you have two options:

1. you can choose not to complete the standard choice form, or
2. you may decide to complete the form, in which case you should look at your current fund and compare its quality, features and benefits to other super funds (see pages 8 to 10 for guidelines on assessing super funds).

Let's look at these options in a bit more detail.

1. What happens if you don't complete the standard choice form?

The legislation allows for the possibility that not all employees will complete the standard choice form. If you do not complete the form, your SG contributions will be paid into your employer's 'employer fund', also known as a 'default fund'. Under the legislation, the standard choice form must contain details of the employer fund.

In many cases, the employer fund will be the fund your employer currently pays SG contributions into on your behalf. However your employer may choose to use another fund as their employer fund, so you cannot assume that your super will automatically go to your existing fund if you do not make a choice. This is why you should, as a minimum, check what fund is listed as the employer fund on the standard choice form your employer gives you.

You only need to complete the standard choice form if you would like your employer to pay your SG contributions into a super fund that is different to the employer fund.

2. What if you decide to complete the standard choice form?

If you decide to complete the standard choice form, you need to ensure that you fill it in correctly; this includes providing your employer with written information about your chosen fund, as prescribed in the choice of fund regulations. Your chosen fund may issue this information; alternatively, you can collect the necessary details from the fund and pass them on to your employer. Either way, unless you give your employer all the required information, they will not be able to action your request.

Written information you are required to give your employer about your chosen fund

If you advise your employer of your chosen fund before or after 1 July 2005, you must provide them with *all* of the following information about your chosen fund:

- the fund's contact details
- written evidence that the fund will accept the SG contributions your employer makes on your behalf
- your account name and membership number in the fund
- the full name of the fund
- the fund's Australian Business Number (ABN), if applicable
- if the fund identifies its products by a Superannuation Product Identification Number (SPIN), that number.
- a letter from the trustee of the fund that confirms the fund is a complying super fund
- details of the methods by which your employer can make payments to your chosen fund
- if you are choosing a self-managed superannuation fund, evidence from the ATO that it is a regulated super fund

Note: If you give your employer more than one written notification of a chosen fund within a 12-month period, your employer is only obliged to accept your first valid choice. However they may still choose to act on any subsequent valid choice you make.

"After completing my university degree and getting my first full-time job it made sense to roll all my old super accounts from the casual jobs I had as a student into my VicSuper account. There's less paperwork to keep track of and I'm also saving money in fees."

Emma Salter,
Client service coordinator

Having your superannuation contributions paid into VicSuper Fund – choosing or staying with VicSuper

VicSuper is currently the employer fund for many employers who pay their employee's SG contributions into VicSuper Fund. If you are an existing VicSuper Fund member, you should do the following to ensure that your employer sends, or continues to send, your super contributions to VicSuper:

1. Check whether VicSuper Fund is nominated as the employer fund on the standard choice form your employer gives you.
2. If VicSuper Fund is listed as the employer fund, you do not need to do anything further – your super contributions will be paid into VicSuper.
3. If VicSuper Fund is not listed as the employer fund, you need to fill in either of:
   - the standard choice form, or
   - the choice nomination form

nominating VicSuper as your preferred super fund. You must then return the form to your employer, together with the required written information about VicSuper Fund. This information is prescribed in the regulations, and you need to supply it to your employer to ensure that you choice is 'valid' (see previous page for details).

VicSuper has prepared the written information you need to provide your employer. This information is included in the 'choice nomination form' at the back of this guide.

Note: The standard choice form does not contain the required written information about VicSuper Fund, or any other super fund employees may choose.

Completing the standard choice form

To complete the standard choice form, you must:

1. Fill in Part B of the form.
2. Return the correctly completed standard choice form to your employer together with Part B of the choice nomination form. You **will not** need to complete Part A of the choice nomination form.

Completing the choice nomination form

1. Fill in Part A of the form.
2. Return the entire form to your employer.

Your employer has up to two months from the time you make a valid choice to make VicSuper Fund your chosen fund.

Q: My employer is currently paying my super into another fund. If I choose VicSuper Fund, does my employer have to transfer the money in the other fund to VicSuper?

A: Choice of fund legislation only applies to the SG contributions your employer makes on your behalf after 1 July 2005. Therefore if you choose VicSuper, your employer is only obliged to pay your post-1 July 2005 SG contributions into VicSuper Fund.

Any money you have in the other fund will remain there unless you make arrangements to transfer it to VicSuper Fund. This also applies to any SG contributions your employer pays to their employer fund after 1 July 2005, before you make a valid choice.

If you wish to transfer your pre-1 July 2005 contributions to VicSuper Fund, you can organise this in one of two ways:

1. Rolling over your benefit to VicSuper Fund

You can close your account in the other fund and roll over your benefit to VicSuper Fund at any time if you meet the requirements of the other fund. To check whether you fulfil the requirements, you should contact the relevant fund.

If you are unable to close your account in the other fund, or only want to roll over part of your benefit, you may be able to transfer your pre-1 July 2005 contributions under portability legislation.

2. Portability

Portability legislation allows you to request a full or partial rollover from an existing account to another complying superannuation fund if you are an inactive member for portability purposes, ie an employer has not made SG contributions to the fund on your behalf in the six months prior to the rollover.

A super fund can refuse a partial rollover request where:

- the remaining balance in your account after the rollover would be under $5,000, and
- the fund has complied with your request to roll over an amount in the past 12 months.

If you are choosing either option 1 or 2, you should consider any exit fees you may be charged as well as the effect on any insurance cover you have with the fund you are rolling out of.

Q: I am salary sacrificing into my existing fund. If I choose another fund, will my employer start sending these contributions to my preferred fund?

A: Choice of fund only applies to the compulsory SG contributions your employer makes on your behalf from 1 July 2005. So while your employer may choose to send the salary sacrifice contributions to your chosen fund, they are not obliged to under the legislation.

Assessing super funds

If you are thinking of changing super funds, it's important to find out as much as you can about the funds you are looking at so that you can make an informed decision.

A good place to start is the super fund you are in now – once you are fully familiar with your existing fund, you will be in a better position to objectively assess the features of any other fund you are considering.

You should also think about whether there are any compelling reasons for you to change funds, eg will another fund offer you the same level of service you are used to for a lower cost?

In this section we examine some of the features you should look at when comparing funds.

So where do you start?

Check your existing fund type and employer contributions

There are two main types of super funds, as follows:

- accumulation funds, eg VicSuper Scheme and VicSuper Beneficiary Account
- defined benefit funds, eg the State Superannuation Fund's New Scheme and Revised Scheme.

Accumulation funds are similar to a bank account, with the value of your retirement benefit equal to how much is paid into your account (ie contributions and what your fund earns on investing these contributions) minus how much is taken out (ie costs and taxes). The fund's investment performance, in the form of positive or negative returns, is important in determining how much you end up with.

With **defined benefit funds**, a member's retirement benefit is defined by the fund's rules, and usually depends on factors such as how long the member has worked with their employer, and what they are earning when they retire. Defined benefit funds are generally considered to be low-risk because in many cases the fund must still pay a member's entitlements even if the fund's investment performance is poor.

Accumulation funds are more common than defined benefit funds, but if you can choose between the two, it's important to fully understand your entitlements and the fund's rules. For instance, if you are in a defined benefit fund and have been with the same employer for many years, you may miss out on a generous benefit – eg five times your final salary if you have been with the fund for 25 years – if you leave the fund early.

The same may apply to the contributions your employer makes on your behalf. Some employers offer incentives such as extra super contributions for employees who join the employer's fund, stay with the employer for a certain length of time, make voluntary contributions, or are made redundant. Before you decide to leave your existing fund therefore, it pays to check if there are special conditions on any extra super contributions you receive from your employer.

Compare fees and costs

Paying an additional fee of 1% pa on your super over 30 years may reduce your retirement benefit by up to 20% (*Source: Australian Government's* Super Choices *booklet*).This is because every dollar you pay in fees reduces your short-term balance, leaving less money in your account for compounding interest (interest earned on interest).

Management fees

All funds charge management fees to cover their operating and investment management costs. When comparing the management fees that apply to different funds, you need to make sure you look at funds with similar investment strategies. This is important because for most funds, high-growth investment strategies usually cost more than low-growth strategies.

Many funds deduct their management fee as a percentage of investment returns before applying the returns to your account. Because of this, you may find it difficult to work out exactly what you will be charged.

The Government has addressed this issue by making it compulsory for all super funds to display their fees in a prescribed table in their product disclosure statements from 1 July 2005, and include a worked example of the fees in dollars.

As an industry leader, VicSuper has been disclosing its fees to members as dollar amounts since September 2004, and will report its fees as a single dollar amount on members' annual benefit statements for the 2004/05 financial year.

Other fees

Some funds also charge additional fees. For instance, unlike VicSuper, some superannuation funds charge entry and exit fees – this means you lose part of your money as soon as you invest and even more when you leave.

Other fees that may apply are withdrawal fees, contribution fees, fees to change your investment options and, if the fund offers an advice service, fees to access this service – all of which can eat away at your savings.

Look at death and disability insurance

How would you and your family or partner cope financially if you died or became permanently or temporarily disabled? Super funds offer insurance cover for death or temporary or permanent incapacity to help their members deal with these situations.

The cost of insurance provided through a super fund compares favourably with the premiums you would have to pay if you took out an individual policy because the economies of scale allow super funds to negotiate cost-effective insurance for their members.

Your fund will deduct the premiums for your insurance from your account unless your employer covers the insurance premiums.

When comparing the insurance offered by different funds, you should firstly look at the types of cover offered. Under choice of fund, an employer fund is required to provide death cover only – while this cover is important, you should check whether the funds you are looking at also provide total and permanent disability (TPD) and income protection cover. Both types of cover will provide you with an income in the event that you are unable to work due to temporary or permanent disability or illness.

VicSuper offers death and disability, and income protection cover to VicSuper Scheme members, and from 1 July 2005 death and income protection cover to VicSuper Beneficiary Account members.

Next, consider whether the fund offers automatic cover – if it doesn't, you may need to provide medical evidence before being covered. If automatic cover is available, you should check how much it costs and whether it is sufficient for your needs. If you require additional cover, what will it cost you and what additional information will you be required to provide?

It also pays to consider if there are any restrictions based on age, dangerous jobs, part-time or casual work and maternity leave that may apply to you, either now or in the future.

"VicSuper has the lowest fee structure compared to the other super funds I looked at. The fact I can invest in a mix of options allows me to choose the perfect investment strategy to suit my level of risk. With VicSuper I feel in control of both my money and my future."

Murray Harding,
Business continuity manager

"Choosing the right investment options and understanding how the superannuation system works seemed to be a real minefield before but my VicSuper adviser clarified things, making it easier to make informed decisions. I came away with a clearer picture of the options available to me."

Priscilla Miller,
Occupational health
and safety coordinator

Compare investment options

To help ensure you are comfortable with the way your superannuation is invested, many super funds offer a range of investment options and will let you choose your own investment option, or mix of options, if you wish. They will also have a 'default' option for members who don't make a choice.

While it may be reassuring to have choice, you should consider how many options you're really likely to use – having too many options to choose from complicates the task of choosing the investment strategy that suits you best.

It's generally agreed that it's useful to have a choice of investment options that cover the varying degrees of risk different people are prepared to take with their superannuation savings – this ranges from low growth/lower risk to high growth/higher risk.

VicSuper provides members with a simple choice of investment options that allows them to select the level of risk and return they feel comfortable with.

Judge investment performance

The investment returns achieved by your super fund will have a big impact on your retirement benefit. When looking at investment performance, it may be tempting to choose the fund with the highest returns for the last 12 months. This is not necessarily the best strategy – past performance is not a reliable indicator of future returns, and it's usual for high returns to average out over the long term.

That is, very few funds will provide returns better than the average return of all funds over the long term (10 years or more).

This is an important point because super is a long-term investment – for this reason, you should not focus too much on past returns but look at whether the fund offers you an investment option that is primarily invested in a diverse range of shares and, to a lesser extent, property. Historically, returns from shares and property have been the primary source of growth in member account balances over the long term.

If you are looking at past returns, you should look at the returns that different funds have achieved over 5 and, preferably, 10 year intervals. When doing this, you need to ensure that you look at the same time periods, for instance the average five-year performance from 1 July 2000 to 30 June 2005.

You should also make sure that you are comparing 'like with like'; for instance, you should only compare the returns of 'capital guaranteed' options (which invest all your funds in low-risk investments, such as capital guaranteed life insurance policies) with similar options, not 'growth' options (that aim for higher long-term growth by investing the majority of funds in company shares).

A consumer-friendly fund?

Your super is your money, so it's important for you to feel comfortable when dealing with your super fund. A number of factors contribute to this:

- Accessibility – can you contact the fund in a variety of ways, ie in person, by telephone and online?
- Reputation – does the fund have a good record in dealing with members and industry regulators? What does the fund stand for?
- Ease of understanding – does the fund empower its members to act by helping them to understand their super?
- Does the fund offer an expert superannuation advice service at no extra charge?
- Ease of doing business – are the fund's administration procedures efficient? Does it respond to queries in a timely and professional manner?

You can get a feel for how a super fund operates by checking their annual reports and website, and contacting them directly.

VicSuper Scheme – compare our fund to other super funds

VicSuper Scheme is part of VicSuper Fund, a public offer accumulation fund with over 194,000 members and $3 billion in assets as at 31 March 2005. We pride ourselves on delivering great personal service, expert advice and a simple range of flexible and tax-effective superannuation investment options all for the same low cost. But how do the features and benefits of VicSuper Scheme compare with those of other funds? To find out, please use this handy checklist – you can either fill in the details relating to other funds to see how VicSuper compares, or use it as a reference guide.

For more information about any of the features outlined below, please contact our Member Centre on **1300 366 216**.

	VicSuper Scheme	Other fund
Fees		
Account-keeping fee	**Active members:** $15.12 per year (29c per week) where contributions or rollovers are received during the financial year **Inactive members:** $6.78 per year (13c per week) where no contributions or rollovers are received during the financial year	
Management fee	0.50% of your average account balance per year; eg, if your average account balance is $6,000, the management fee you'd pay would be $30 pa. The management fee is capped at $1,500 pa if your average account balance is $300,000 or more	
Entry fee	Nil	
Exit fee	Nil	
Contribution fee	Nil	
Withdrawal/rollover fee	Nil	
Changing investment option fee	Nil	
Additional fee for superannuation advice	No	
Commissions paid	No	
Other fees	No	
Disclosure of fees		
All fees expressed as dollar amounts on member statements	✔	
Investments		
Flexibility to choose an investment option, or mix of options, that suits you	✔	

Investment options	Growth assets[1] %	Short-term returns Net earning rates for 1 yr to 30.6.04[2]	Medium-term returns Compound net earning rates for 5 yrs to 30.6.04[2]	Long-term returns Compound net earning rates for 10 yrs to 30.6.04[2]	Other fund
1. Cash	0%	4.34	4.61	n/a[5]	
2. Capital Secure	20%	6.57	n/a[3]	n/a[3]	
3. Capital Stable	40%	9.16	4.92	6.65	
4. Balanced	60%	12.14	4.54	n/a[6]	
5. Growth	80%	15.50	3.95	n/a[7]	
6. Equity Growth	100%	17.87	2.51	n/a[8]	
7. Equity Growth Sustainability	100%	15.18	n/a[4]	n/a[4]	

	VicSuper Scheme	Other fund
Insurance		
Flexible and cost-effective insurance options	✔ **Automatic death & total and permanent disability (TPD) cover and limited total but temporary disability (TTD) cover** (through group life insurance policies with AXA Group Insurance) One unit of unit-based D&D and limited TTD cover for all eligible employees under the age of 65 who join VicSuper Scheme. Increased levels of cover for unit-based insurance will take effect from 1 July 2005, for an additional premium of 10 cents per week. Currently, one unit of cover costs you $1.00 per week; this will increase to $1.10. Within the automatic acceptance period, members can also increase their cover to up to three units without having to provide medical evidence **Note:** For more information on the upcoming changes to the insurance offered through VicSuper Scheme, please contact our Member Centre on **1300 366 216**. **Available insurance options** ✔ Unit-based death and disability cover – up to a maximum of 10 units (subject to the Insurer's approval) ✔ Age-based death and disability cover – up to a maximum of $2 million, subject to the Insurer's approval (option to take up limited TTD cover, subject to the Insurer's approval) ✔ Income protection cover (subject to the Insurer's approval)	

	VicSuper Scheme	Other fund
Additional member benefits		
Not-for-profit fund: any surplus generated by fees in excess of actual expenditure on day-to-day services is reinvested into the Fund for the benefit of members	✔	
Expert superannuation advice, no commissions	✔	
Seminars on a range of superannuation and retirement planning topics	✔	
Workplace seminars and personal superannuation advice interviews	✔	
Telephone access to our member centre for all your general superannuation queries for the cost of a local call	✔	
Ability to access account information online – including your account balance and contributions received – and to check and change your investment options or update your contact details	✔	
Education program to learn about the 'basics' of super	✔	
Advice centres that offer superannuation services to members located in Melbourne and regional Victoria	✔	
In-house administration of super: keeps costs down and provides a more personalised and expert service	✔	
Regular communications, including an annual newsletter, benefit statement and member report	✔	
Additional fund features		
Sustainability as our central operating principle	✔ For all VicSuper investment options with exposure to listed equities, 10% of the allocation is invested in companies that lead the way in improving environmental, social and economic performance ✔ We offer an investment option, Equity Growth Sustainability, that allows you to invest up to 100% of your money in companies rated as having the best sustainability business strategies in their industry sector ✔ We engage with companies in which we invest to give long-term environmental and social risks the same attention as short-term financial risks (through our involvement with BT Governance Advisory Service) ✔ Each year, we produce a Sustainability Report outlining the key strategies we've adopted in our quest to create a sustainable super fund, our objectives and achievements ✔ One of four Australian signatories to the worldwide Carbon Disclosure Project (CDP) ✔ Signatory to the world's first Sustainability Covenant (in conjunction with EPA Victoria) to be backed by legislation For more information, click on 'Building a sustainable super fund' on our homepage at www.vicsuper.com.au	
Investment strategy – genuine focus on the long-term	✔ Most of VicSuper's investments are managed using passive investment management. This investment strategy has historically achieved strong returns over the long term. Also because trading is kept at low levels, investment costs tend to be low.	

[1] A growth asset is an asset that provides investment returns primarily in the form of capital growth (an increase in the dollar value of the asset over time). Achieving higher returns generally requires a higher allocation to growth assets such as equities and, as a result, the acceptance of higher levels of risk.
[2] Net earning rates are calculated by deducting the tax (up to 15%) on investment return from the gross investment return for each investment option for the financial year. The net earning rate for each of your chosen investment options is applied to your average account balance as at 30 June. VicSuper's management fee and account-keeping fee are deducted directly from your account balance. Prior to 1 July 2004 we reported returns using crediting rates which were calculated after deducting VicSuper's management fee and taxes.
[3] The Capital Secure Option was introduced on 1 July 2003.
[4] The Equity Growth Sustainability Option was introduced on 17 December 2001.
[5] The Cash Option was introduced on 1 May 1997.
[6] The Balanced Option was introduced on 1 March 1998.
[7] The Growth Option was introduced on 1 May 1997.
[8] The Equity Growth Option was introduced on 1 March 1998

Past performance is not a reliable indicator of future performance. Short-term results, whether good or bad, will not necessarily be repeated.

VicSuper Pty Ltd ABN 69 087 619 412 is the Trustee of VicSuper Fund and holds an Australian Financial Services Licence (No. 237333) under the *Corporations Act* 2001 (Cwlth). VicSuper is licensed to deal in, and advise on, superannuation products including VicSuper Fund interests (meaning all aspects of the Fund).

This information has been provided without taking into account any of your objectives, financial situation or needs. You should therefore assess the appropriateness of the advice in light of your own individual objectives, financial situation or needs before acting on the advice and obtain the VicSuper Scheme Combined Financial Services Guide and Product Disclosure Statement from VicSuper, by calling **1300 366 216** or from our website at www.vicsuper.com.au, before making any decision.

Disclaimer

The information contained in this *An employee's guide to making sense of choice of fund legislation* is given in good faith and has been derived from sources believed to be reliable and accurate. No warranty as to the accuracy or completeness of this information is given and no responsibility is accepted by VicSuper Pty Ltd or its employees for any loss or damage arising from reliance on the information provided.

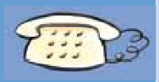
An employee's guide to making sense of choice of fund legislation is intended to provide general advice only about VicSuper Fund and superannuation matters and is not intended to take into account your particular investment objectives, financial situation and specific needs. You should therefore assess the appropriateness of the advice in light of your own objectives, financial situation or needs before acting on the advice. You should also obtain a VicSuper Combined Financial Services Guide (FSG) and Product Disclosure Statement (PDS) by calling VicSuper on 1300 366 216 prior to making a decision.

The information on choice of fund is based on the choice of fund legislation as at May 2005 and any explanatory material from Government available at that time. Any amendments to the legislation after that date and any documents or other materials issued by the Australian Taxation Office or other Government agencies after that date could impact on how the legislation is interpreted and administered.

VicSuper recommends you seek professional advice for your own circumstances before you take any action. Contact VicSuper to make an appointment to see one of our VicSuper representatives, who is authorised to provide personal superannuation advice about VicSuper Fund. VicSuper Pty Ltd ABN 69 087 619 412 is the Trustee of VicSuper Fund and holds an Australian Financial Services Licence (No. 237333) under the *Corporations Act* 2001 (Cwlth). VicSuper is licensed to deal in, and advise on, superannuation products including VicSuper Fund interests (meaning all aspects of the Fund).

The members included in this guide have provided their consent.

For further information



Call our Member Centre

1300 366 216 and speak to a VicSuper superannuation consultant between 8.00am and 5.00pm, Monday to Friday

Visit us

VicSuper – Melbourne Advice Centre
Level 6, 90 Collins Street, Melbourne

VicSuper – Geelong Advice Centre
91A McKillop Street, Geelong

VicSuper – Bendigo Advice Centre
15 MacKenzie Street, Bendigo

8.00am to 5.30pm
Monday to Friday

To make an appointment to see a VicSuper superannuation adviser call **1300 366 216**

Send us a fax

03 9667 9610

Write to us

VicSuper
GPO Box 89A, Melbourne 3001

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