



Issue 3 | December 2008

A word from the CEO

Welcome to our final newsletter for 2008. At year end the volatility in the market place continues unabated... [Read more](#)

Investment News

The past few months have been extraordinarily difficult ones in the world's investment markets. In fact, in many cases assets are not just being priced for worst case outcomes but rather for the worst imaginable outcome and then some. [Read more](#)

Online Survey Results

We recently conducted a brief online member survey... [Read more](#)

Going Green Update

We've continued to lessen our impact on the earth's resources and saved money as well - Online Annual Report, MemberAccess enhancements, Online Statements and more. Also Catholic Super's head office is powered by Green Power provided by Origin Energy... [Read more](#)

New Website

We are launching a new look website at www.csf.com.au before Christmas - keep a look out!

Better Insurance Cover for You

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In the pack, we explained how the new arrangements affected the member to whom the package was addressed and included some special offers which had to be taken up by 1 December 2008. [Read more](#)

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By allocating a \$10.4 billion package to support Australian households, the Australian Government has taken action which is designed to protect the Australian economy from the global financial crisis. [Read more](#)

*Prime Minister Media Release, 14/10/08

Tax offsets for education expenses

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Catholic Super
Level 4, 333 Collins Street, Melbourne, VIC 3000

A word from the CEO

Welcome to our final newsletter for 2008. At year end the volatility in the market place continues unabated and has been dictating the investment outcomes for most members.

Catholic Super's investment policy recognises that there will be positive and negative years and in the medium to long term the returns will recover. Exposure to public markets will involve temporary falls in value but generally markets will recover strongly. In a well diversified portfolio such as ours, values will recover reasonably over time.

What has given Catholic Super its strength and purpose are the ideas, deliberations, decision making and implementation of those decisions by the Directors and staff. The challenge is to be humble in accepting the market judgement but to aim to still do better in ensuring that we can provide the best outcome for you, our members - Catholic Super's number "one" priority.

We must accept the opportunities being presented and by accepting that "What has been, what is, and what will be" will converge over time, Catholic Super can grasp the opportunities to invest in different markets, new industries and different technologies.

The one who is prepared to be different in this market may well be number one for members into the future. I do not pretend to know what all the changes are but I have confidence that staff not only have the ability, but feel motivated by the challenges and opportunities presented.

As we say good bye to another year and prepare to celebrate the birth of Jesus – let's reflect on the past and be reminded of the wonderful opportunities that new life brings to all. Thank you for your wonderful support – Catholic Super simply says thank you.



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Investment Update

The past few months have been extraordinarily difficult ones in the world's investment markets. In fact, in many cases assets are not just being priced for worst case outcomes but rather for the worst imaginable outcome and then some.

The problem is short term uncertainty. Most investors now agree that share prices, in particular, have rarely been cheaper and that shares are a very good investment on, say, a three year view. However, the level of short term uncertainty is high? Common questions we get asked are: "Will they get cheaper?" or "How long before they go up again?".

We don't know the answers to such questions. What we do know is that the markets are fully aware of all of the risks around in the world today and have priced assets as if each of those risks comes to fruition.

The markets know that the US, European and Japanese economies are in recession and have priced in a very long and deep downturn.

The markets know that the Chinese economy has slowed dramatically and so the Chinese share market has fallen by around 70%.

The markets know that there is a significant risk of recession in Australia and, rather than just price that in as a risk, the markets have assumed a full blown recession deeper than that in 1990-91. As a consequence Australian share prices have halved since their highs.

However, virtually nothing is priced assuming that either these risks are overstated or that things will eventually come right. This is particularly so in the case of our own economy. Unlike every other significant developed economy, Australia went into this crisis with a very strong economy, a budget surplus and high interest rates. This means that no other developed economy has our capacity to both massively cut interest rates and increase government spending.

In other words, if Australia can get over 'deficit-phobia' we have an enormous potential to spend our way out of this crisis.

We are fortunate that our economic policy makers have reacted with uncommon speed in totally changing the direction of Australian economic policy. Interest rates have already been cut at a faster pace than in 1990, while the Government has moved very quickly to relax fiscal policy and increase spending.

As a consequence, as dark as things may appear, and as gloomy as some of the economic news will be over the coming year, all of this has been priced into markets. What has not been priced in is the fact, that things might not really be as bad as they first appear and that there will be an end to the downturn.

Timing markets is a very, very difficult thing to do. Certainly we wish that we had sold even more shares than we did over the past two years, but to sell now would only be to compound the hurt of recent events.

Rather, we see the current market as a chance to buy very good quality assets at very cheap prices. As long term investors we see an opportunity to profit from the panic of others and we have been buying not selling.

We have no way of knowing whether shares will get even cheaper than now, but if they do we will endeavour to buy more because when the markets eventually decide that things cannot get any worse, they are likely to aggressively price in the following recovery. History shows us that investors who wait until that point most often get left behind and do not buy back in until prices have risen strongly and it is too late to recoup their losses.

Tim Hughes
Chief Investment Officer
8th December 2008

Online survey results

We recently conducted a brief online survey to ascertain whether our members would be interested in the following:

- receiving annual statements online
- a debit card linked to their pension account for ad hoc withdrawals
- the ability to make ad hoc withdrawals from their pension online.

Over 700 members responded giving us some valuable feedback. 79% of respondents wish to receive their annual statement online.

79% would be interested in making ad hoc pension withdrawals online which would transfer the money to their bank account. 69% showed interest in using a debit card for that purpose. 64% of respondents indicated they would prefer the online withdrawal facility rather than the debit card. Having use of a debit card would be "Too tempting – too easy to dip into savings", commented one member.

We also asked members what topics they would like us to cover in our communications to them. The most common topics of interest were; growing your super, investments, member services (discounts and special offers) and financial advice.

Thank you to all who took part in our survey and "congratulations" to Tony Mizzi who won the competition for the digital photo frame.



'Over 700 members responded giving us some valuable feedback...'

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Going Green update

We've continued to lessen our impact on the earth's resources and saved money as well.

By putting the Annual Report online and only printing and posting on request, we made a huge saving of resources, money and time, as less than 40 copies have been mailed out. Thanks so much for supporting that initiative.

The office here at Catholic Super is powered by **Green Power** through Origin Energy.

We are introducing more online tools and transactions next year. Several online services we have already put in place are:

- **MemberAccess** - our online secure account facility for members, has had a few recent enhancements:
 - **Forgotten Password Facility** - You can add a forgotten password function so you don't have to call us if you forget it in the future. You find this in your profile area and need to set up several security questions
 - **Missing details alert** - if we are missing your email address, tax file number and other vital information you'll be prompted when you first log into MemberAccess
 - **Link your accounts** - if you have both a super and a pension account with us, you can now request these to be 'linked' in MemberAccess so you only have to log in once. Call our Pension Service Centre on 1300 730 327 for this to be done for you
- **Online Statements** - you can now receive your annual super statement electronically from 2009 onwards, so no more paper! In MemberAccess within your profile area, you can select the option to receive your online statement for 2009 and ongoing! Go online now and request this or if you do not have a MemberAccess account you can call us on 1300 550 273 to set one up and/or advise you wish to receive your statements online
- **Coming soon! Register online for MemberAccess** - currently you must call us to register for MemberAccess, but soon we will launch this registration process to be done from our website. It will have the same security checks in place, i.e. you must provide your Catholic Super member number and personal details as we would need them to set this up - this will be live by the new year



'The office here at Catholic Super is powered by Green Power through Origin Energy...'

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Better insurance cover for you

During October we sent members an information pack to announce our improved insurance arrangements with our new insurer, Tower Australia. In the pack, we explained how the new arrangements affected the member to whom the package was addressed and included some special offers which had to be taken up by 1 December 2008.

For instance employer sponsored members with Income Protection (IP) cover had the opportunity to increase their cover to 85% of their current salary (to a maximum salary of \$140,400) without having to provide health details as long as they returned their notification by 1 December 2008. This offer has been very well received with many members taking it up.

We would encourage you to read the insurance information pack carefully so that you are aware of how the changes affect you. It's a good opportunity to review your cover and be sure that it is adequate for your needs.

Under our new arrangement, the amount of basic cover for each unit of Death and TPD has increased at all age levels with no additional cost to members for each unit.

The benefit payment period for IP is now five years (previously two years) and the waiting period is now 60 days (previously 90 days). In response to members' needs, we have also introduced some other options for waiting periods and benefit payment periods.

One of the most significant changes to our insurance arrangements applies to casual employees and Personal Plan members. Previously we could offer Death Only insurance cover to these members but they now have access to Total and Permanent Disablement (TPD) and Income Protection Cover.

Space does not permit us to cover all of the aspects of our insurance cover here. You can find all insurance details in the Catholic Super Product Disclosure Statement by going to our website www.csf.com.au and selecting the Forms tab.

Call **1300 550 273** if you would like to receive a copy.



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Eligible Rollover Fund

If your super account balance falls below \$1,000 and you no longer work for a Catholic Super participating employer you can:

- Ask your new employer to send your contributions to your Catholic Super account;
- Make a contribution or roll over benefits from other super funds to Catholic Super in order to maintain a balance of more than \$1,000 or
- Roll your benefit out of Catholic Super into another fund.

If you don't take one of the above actions within 6 months of the most recent contribution being paid into Catholic Super on your behalf, or you become a lost member* and your account balance is less than \$9,500, any insurance cover you have will stop, and your super account balance will be transferred to:



AUSfund

Australia's Unclaimed Super Fund
PO Box 2468
Kent Town SA 5071

Phone: 1300 361 798

Fax: 1300 366 233

International phone: +61 8 8205 4953

International fax: +61 8 8205 4990

Email: admin@ausfund.net.au

Internet: www.ausfund.net.au

'If your account is transferred to our AUSfund you will cease to be a member of Catholic Super ...'

These transfers are processed by Catholic Super on a quarterly basis. If your account is transferred to AUSfund you will cease to be a member of Catholic Super.

AUSfund has a low fee structure designed to protect members with small balances. All members' balances are member protected, which means that administration charges will generally not be more than interest earned. Most members will continue to accumulate interest in AUSfund. AUSfund does not offer insurance cover.

We encourage you to obtain a Product Disclosure Statement (PDS) from AUSfund.

**If we do not have your accurate address and your mail is returned to us, you will be classified as a 'lost member' and your details will be reported to the Lost Members Register (LMR) which is maintained by the Australian Taxation Office. The LMR can be contacted on 13 10 20.*

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Tax offsets for education expenses

New legislation brings tax offsets for school education expenses to take effect in the current financial year.

The offset is available to those families who receive Family tax Benefit A, Youth Allowance and social security pensions and benefits.

The offset is a refundable tax offset which means that any part that cannot be used to reduce a tax liability is paid to the eligible taxpayer.

Eligible expenses are items that support a child's schooling and education and cover the purchase, lease, hire or hire purchase of:

- Laptops, home computers and associated costs
- Computer related equipment such as printers and computer disability aids
- Home internet connection
- Education-related computer software
- School textbooks, stationery and study guides
- Tools of the trade (as prescribed by a specific course)

Items not eligible for the tax offset include:

- School fees
- School uniforms
- Extra-curricular school based activities such as excursions
- Tutoring costs
- Games consoles
- School subject levies e.g. cost of Home Economics consumables



'New legislation brings tax offsets for school education expenses ...'

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Economic Security Strategy*

By allocating a \$10.4 billion package to support Australian households, the Australian Government has taken action which is designed to protect the Australian economy from the global financial crisis.

\$3.9 billion will be used to provide immediate financial support to help around 2 million Australian families. The payments will be made from 8 December 2008.

The support will be delivered to families through a one-off payment of \$1,000 for each eligible child in their care. Those who will receive the support include families who receive the Family Tax Benefit (A) and those with dependent children who receive Youth Allowance, Abstudy or a benefit from the Veteran's Children's Education Scheme payment.

In all, around 3 million Australian children will receive the one-off payment of \$1,000.

*Prime Minister Media Release, 14/10/08



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SuperTV

Hear from the fund managers, CEOs, ratings houses, regulators and legislators on Super TV. Stay in touch with what is happening with your retirement savings, by getting access to the superannuation industry's leaders.



ResponsibleTV

With climate change and carbon trading taking centre stage, together with corporate governance, responsible investing continues to be among the fastest growing sectors of the finance industry. evoTV has partnered with the Responsible Investment Association Australasia (RIAA) to deliver the latest news and trends on responsible investing in Australia and from around the world.



InvestingTV

There are so many investment opportunities and evoTV has scope to cover them all. InvestingTV brings you insight into investments that may be outside the ordinary, or just a new take on an old favourite. From our regular look inside the art world to hedge funds, InvestingTV delivers valuable insight every time.

