

Achieve

Stay informed, make the right decisions // Issue No. 12 · 2009

Get your super in shape

We've developed
a training plan to
help your super last
the distance.



Also in this issue:

Why have insurance through super?

Learn the advantages so you can
get the extra support you need.

With change comes opportunity



We've just wrapped up the most challenging financial year in our living memory. However, I believe such upheaval brings opportunities to learn from the past 12 months, as we shape and strengthen our financial futures.

So as we move forward, the question confronting all of us is how do we make the most of the recovery?

In this edition of *Achieve* we look at how you can get your superannuation in shape and working harder for you. With this in mind, there are three areas I'd like you to focus on:

- › **Get your insurance cover right** – despite the fact that almost every working Australian has a level of life insurance cover within their super, Australia has proven to be one of the most underinsured nations in the developed world*. What is your current insurance situation? Read the first article to see how you can get the right level of cover through your super.
- › **Understand what amount is adequate to live off in retirement** – according to national figures released by the Association of Superannuation Funds of Australia (ASFA), a couple looking to achieve a 'comfortable' lifestyle in retirement will spend \$50,771 a year **. What contribution strategies do you have in place to ensure you have enough for your retirement? Turn to page four for a training plan that can help you reach your retirement goals.
- › **Stick to your long-term strategy and don't let market volatility sway you** – since the lows in mid-March, Australian and global sharemarkets have gained more than 45% and 57% respectively ***. So those patient investors who stuck to their long-term investment strategy have been rewarded. View the latest performance figures on page seven.

While things may still seem a bit daunting, focusing on the above will help put you in a solid position to move forward and turn to the opportunities ahead.

I hope you enjoy this edition of *Achieve*.

Chris Corneil
MANAGING DIRECTOR, AUSTRALIA AND NEW ZEALAND
Russell Investments

* ASFA/Westpac Retirement Income Report, December 2008

** Westpac-ASFA Retirement Standard March Quarter 2009

*** S&P/ASX 300 Accumulation Index (\$AUD) and MSCI World Net Dividends Reinvested Accumulation Index (\$USD) 9 March - 31 August 2009



CHECK YOUR COVER

To find out your level of cover, review your latest annual statement, check your Product Disclosure Statement or visit www.russell.com.au and log in to your SuperSolution account.

Why have insurance through super?

Learn the advantages so you can get the extra support you need.

Did you know that the majority of members in Russell SuperSolution automatically receive insurance cover when they join the Fund?

Insurance cover is often the last thing you think about when considering your super. For most members, the great benefits of having insurance cover through your Fund are often overlooked. These include:

- › **Cheaper premiums** – as super funds use their size to negotiate bulk discounts on premiums, insurance cover within super can often be much cheaper than taking out your own private policy. Your employer may even be paying your basic insurance premiums for you.
- › **Convenience** – if you pay your premiums, they are deducted automatically from your super account. This means you don't have to pay for your cover out of your own pocket. Remember that your super is being taxed at 15%, rather than at your marginal tax rate, which could be higher.
- › **Automatic acceptance** – subject to certain conditions, generally members are automatically accepted for a basic level of cover, which means they can be protected against death and/or disablement without having to provide evidence of good health.

What cover do you have?

Generally through super there are three types of cover available:

- › **Death insurance** – a lump sum paid in the event of your death.
- › **Total & Permanent Disablement (TPD) insurance** – a lump sum paid in the event you are unlikely to work again due to a total and permanent disability.

Three advantages of insurance in super

1. **Cheaper** – insurance premiums are cheaper as it's through a group policy.
2. **Not out of pocket** – premiums are paid from your super, not from your pocket.
3. **Quicker** – automatic cover if you are eligible when you join the fund.

- › **Income Protection or Salary Continuance insurance** – a monthly payment, most commonly 75% of your salary, if you are sick or injured and can't work.

Death and TPD insurance are the most common types of cover provided through super funds, while some funds also offer Income Protection. Provided you were eligible when you joined Russell SuperSolution, you may automatically receive a basic level of cover. You may also be able to apply for additional voluntary insurance cover above the basic level.

For Employer Division members, if you leave your current employer, your insured Death only or Death and TPD cover at the date of leaving your employer fund will automatically be reinstated once you have been transferred to the Personal Division of Russell SuperSolution.

For further details on the insurance cover available in your division of the Fund, please refer to your Product Disclosure Statement, by visiting www.russell.com.au and logging in to your SuperSolution account.

How much cover is enough?

You can also use the Insurance Evaluator calculator to get an idea of the level of insurance cover you may need to protect you and your family. Log in to SuperSolution and visit the Calculators page.

For any queries or to find out if you have enough insurance cover, contact the Russell SuperSolution Helpline on 1800 555 667 or log in to your account through www.russell.com.au



FEATURE STORY

Get your super in shape

It's time to get your super trained so you can take advantage of the new rules and make your super last the distance.



› The five day plan to get your super back into shape.

Day 1 – Motivate yourself

Following changes announced in May's Federal Budget, you may be wondering if super is still an effective way to save for your retirement. The answer is "yes!".

You can take advantage of the tax concessions available through super, you may be able to choose your investment options and you can invest your retirement savings so they work for you over time.

For example, investment earnings in super are taxed at a maximum of 15% and, after age 60, withdrawals from your super are tax-free. In addition, you can use salary sacrifice to contribute to super and pay only 15% contribution tax rather than your income tax rate, which can be up to 46.5%.

Visit www.russell.com.au/achieve to see why Brad, who contributed \$25,000 to his super via salary sacrifice over five years, ended up with \$5,000 more than Leonie, who invested in a term deposit.



SUPER IS STILL EFFECTIVE

- Investment choice
- Works for you over time
- Tax advantages

Visit www.russell.com.au/achieve to see how your super can work hard for you.

Super training kit

Make regular contributions and track them

Set up a regular contribution plan to potentially boost your retirement savings and save on tax.

Keep track of your contributions by using the 'Concessional Contributions' page once you've logged in to your SuperSolution account via www.russell.com.au

Consolidate your super

Roll your other accounts into Russell SuperSolution and you could potentially save on fees.

Stay up to date

To stay up to date with the latest super news and strategies, log in to SuperSolution and opt in to receive communications via email.

You can also view the latest rates and thresholds at www.russell.com.au/rates

See how it can work for you

> Invest in super

See how Brad ended up with \$5,000 more than Leonie, who invested in a term deposit.

> Salary sacrifice to boost your savings

See the difference regular contributions made to Anne's retirement savings.

> Take advantage of higher limits if you're over 50

See how Robert, 58, can take advantage of higher contribution limits to boost his retirement savings.

Visit www.russell.com.au/achieve for examples of how you can effectively use the new super rules.



Day 2 – Overcome any obstacles

In the 2009 Federal Budget, the Government halved the concessional contribution limit for all super members*. Concessional contributions include contributions your employer makes on your behalf and contributions you choose to make via salary sacrifice. In effect, the lower limit reduces the amount you can put into super before tax without being hit with higher tax. This means that it's no longer a good idea to contribute large amounts in one go.

	Previous limit	Limit from 1 July 2009
If you are under 50 years	\$50,000 per year	\$25,000** per year
If you are 50 years or over	\$100,000 per year until 30 June 2012	\$50,000*** per year until 30 June 2012

** This limit is indexed to Average Weekly Ordinary Times Earnings. The limit will be increased in increments of \$5,000 once the increase is greater than \$5,000.

*** This limit will not be indexed.

Think about setting up a regular contribution plan. You could boost your retirement savings through salary sacrifice and save on the tax you pay at the same time. Visit www.russell.com.au/achieve to see this in action.

If you are interested in making salary sacrifice contributions, please see your Human Resources department.

Day 3 – Work on your strengths

If you're over 50, you have almost three years to take advantage of a higher contribution limit, so think about making the most of it before 30 June 2012.

Visit www.russell.com.au/achieve to see how Robert, 58, is able to save on tax and boost his retirement savings by using smart contribution strategies.

Day 4 – Monitor your progress

Stay on track by monitoring your concessional contributions online. Log in to SuperSolution and use the concessional contributions page to keep track of your contributions. You can find it by clicking 'Quotations' then 'Concessional Contributions'.

Day 5 – Focus your training

Another great way to get your super in shape is to consolidate your super, which could help you trim down on fees and paperwork. If your default fund is Russell SuperSolution, your employer may also offer some great benefits such as fee rebates, so think about taking advantage of these benefits for all of your savings.

To roll your money into Russell SuperSolution, complete the *Your Rollover Form* available at www.russell.com.au and send it to us with your identification documents.

Before consolidating, check whether you will need to pay any unreasonable exit or withdrawal fees or if you will lose any insurance cover when you close your other account.

Just like any training plan, maintenance is the key to staying in shape and healthy. If you set up your super well, you shouldn't need to do much at all – just let it work on your retirement savings over time.

* Visit www.russell.com.au/rates to view the 'Contribution Limits' fact sheet.



CONSIDERING AN SMSF?

How do the features and costs compare with your current super fund? Weigh it up yourself at www.russell.com.au/smsf

SMSF – is control worth the risk?

Thirty-two percent* of all retirement funds are in Self Managed Super Funds (SMSFs) so it appears people think it is. However, more than 20,000 SMSFs have been closed over the last five years**.



So is the balancing act between risk and control tougher than people think? Jim Furnell CFP (c) of Maclean Partners (a member firm of

Professional Investment Services) outlines the steps involved in setting up an SMSF and the responsibilities of managing it.

Step 1 – Setting up the fund

The first step is to seek advice to determine whether an SMSF is right for you. If you decide to proceed, the next steps are to establish a trust deed, appoint fund trustees, develop an investment strategy and submit an application to the Australian Taxation Office (ATO).

Step 2 – Administering the fund

SMSFs have the same administration responsibilities as any other super fund, however the difference is that an SMSFs' members are generally the trustees, meaning they're responsible for:

- › Accepting contributions and rollovers
- › Record keeping
- › Ongoing compliance (including tax returns, audits and reporting)
- › Investment management
- › Managing any benefit payments.

Did you know?

The Russell Private Investment Series (RPIS) gives SMSF investors access to some of the world's best investment managers and a diverse range of global investments. Plus they get access to the benefits of consolidated reporting and Russell's investment excellence.

For more details, please contact the Helpline on 1800 458 272.

Step 3 – Managing the investments

SMSFs allow investors to select from a wide range of investment choices, including direct property, which aren't available in other super funds.

Other aspects of the trustee's role include determining the fund's investment strategy, selecting and trading investments and record keeping.

Weigh up your options

It's important to understand the features, costs and responsibilities of managing your own super versus remaining with Russell SuperSolution.

Costs

SMSFs can be costly and time consuming to set up and administer. In fact, the Investment and Financial Services Association (IFSA) estimates that the average SMSF can cost around \$3,500 in establishment fees***. You need to weigh up the cost effectiveness of an SMSF based on your circumstances.

Compliance

Trustees of an SMSF are responsible for ensuring the fund complies with not only the fund's trust deed, but also all relevant legislation and tax regulation. Superannuation rules are taken very seriously and there are heavy penalties for any breaches.

When thinking about SMSFs, there are many important aspects to consider, and many conclude that the benefit of control can be quickly offset by the risks and responsibilities.

However, there still are a number of benefits to managing your own super; just remember to get the right advice from a licensed financial professional.

For more information or to weigh up SMSFs for yourself, visit www.russell.com.au/smsf

* APRA – Quarterly Superannuation Performance March 2009

** ATO - Self-managed super fund statistical report – March 2009. Figures are for the period July 2003 – June 2008.

*** IFSA - SMSF Trends – February 2009



SuperSolution investment returns

As at 31 August 2009

What a difference six months can make. Since our last edition, the performance of most asset classes has strengthened. For now, the worst of the crisis appears to be over, but the outlook is still not clear cut.

To the relief of many, the sharemarket rally that started toward the end of March has continued. Investor confidence improved as economies around the world started to show signs of recovery, or at least of slowing decline. The strength of the recovery has caught many by surprise and it's likely that the pace of recovery will continue to surprise, as it has after other recessions.

History has shown us that investment markets recover at an astounding pace after a downfall – often in short spurts that are difficult to time. To provide some perspective, Australian and global sharemarkets have gained more than 45% and 57% respectively** since the lows in mid-March, meaning that those patient investors who stayed true to their long-term objectives have been rewarded.

For the best part, investment markets appear to be on their way to a much-anticipated recovery, benefiting those invested in diversified portfolios. Yet, if the last 18 months has shown us one thing, it's that investing isn't always smooth sailing, and the road to recovery may yet be a bumpy one.

Russell Portfolios	Quarter	1 yr (p.a.)	3 yrs (p.a.)	5 yrs (p.a.)	Inception date*	Since inception (p.a.)
DIVERSIFIED PORTFOLIOS						
Russell Conservative	7.3%	0.9%	2.8%	4.9%	01/07/03	5.3%
Russell Diversified 50	9.6%	-2.1%	0.7%	4.8%	01/07/03	5.6%
Russell Blended Balanced	12.0%	-5.2%	-1.0%	‡	01/04/05	3.4%
Russell Balanced	11.6%	-6.0%	-1.2%	4.6%	01/07/03	5.9%
Russell Balanced Opportunities	11.2%	-5.5%	‡	‡	01/07/08	-6.4%
Russell Growth	13.6%	-9.5%	-2.8%	4.7%	01/07/03	6.5%
Russell High Growth	15.3%	-9.4%	-2.9%	‡	01/04/05	2.5%
SECTOR PORTFOLIOS						
Russell Australian Cash	0.7%	3.8%	5.0%	4.8%	01/07/03	4.6%
Russell International Property Securities – \$A Hedged	19.3%	-27.8%	-13.8%	‡	01/04/05	-3.2%
Russell Australian Shares	18.0%	-5.2%	1.7%	9.6%	01/07/03	10.9%
Russell Australian Opportunities	19.0%	-3.1%	0.7%	‡	01/11/04	6.6%
Russell International Shares	8.8%	-17.0%	-9.1%	-1.6%	01/07/03	0.8%
Russell International Shares – \$A Hedged	13.0%	-21.3%	-8.1%	‡	01/11/04	-0.1%
Russell Global Opportunities	9.7%	-11.3%	-6.2%	‡	01/04/05	-0.5%
Russell Socially Responsible Australian Shares	15.4%	-6.9%	‡	‡	01/07/08	-9.5%

* The date the investment portfolio became available.

‡ Investment returns are not available for this period as this portfolio has not been in place for the period specified.

The returns shown are net of investment management fees and taxes on investment income. Past performance is not indicative of future performance. This performance information is provided to you by the Trustee of Russell SuperSolution Master Trust, Total Risk Management Pty Ltd (AFSL 238790).

**S&P/ASX 300 Accumulation Index (\$AUD) and MSCI World Net Dividends Reinvested Accumulation Index (\$USD) 9 March - 31 August 2009



Helping you manage your investments

We can provide you with the building blocks you need for successful investing.

For the latest investment news and market updates visit www.russell.com.au/toolkit

Latest Russell news & updates

AT YOUR SERVICE

Members move online

Over this past year, a number of members have elected to receive their super news and updates online. As a result, we raised approximately \$4,000 for Greening Australia and were able to reward five lucky members with \$1,000 Coles Myer Gift Cards. Most importantly, we have been able to deliver important news and information about super, in a much more timely and relevant manner.

Get on board by logging in to your SuperSolution account and opting in on the 'Change your details' page. Alternatively contact the Helpline on 1800 555 667.

Member Statement wins at ASFA Communications Awards



We were recently awarded the 2009 ASFA Communications Award for the 'Excellence in member communication' category, for the Russell SuperSolution Annual Member Statement. **Visit www.russell.com.au for more information.**

Changes to your investment effective 1 July 2009

A new Product Disclosure Statement (PDS) for the Russell SuperSolution Master Trust was issued on 1 July 2009. We are taking this opportunity to highlight some changes to your investment. In order to enhance our portfolio management of the Russell Diversified Portfolios*, changes to the way in which we manage the Russell Diversified Portfolios have been made, including:

- › Increasing the ranges around asset classes and introducing a range around the growth and defensive targets.
- › Replacing references to 'income' with 'defensive' in line with industry standards.
- › Each Alternatives allocation has been consolidated to one line item.
- › The Neutral Position has changed for the Russell Balanced Portfolio, Russell Balanced Opportunities Portfolio and Russell Growth Portfolio. The Alternatives allocations in these portfolios have been re-categorised as growth investments.
- › The Neutral Position of a Russell Diversified Portfolio can change without prior notice, provided that it is maintained within the relevant ranges as specified in the PDS. Any changes to the Neutral Position will be made available on the website.

New neutral positions can be viewed at www.russell.com.au/fundupdates

The PDS also features enhancements to the disclosures for the Russell Sector Portfolios**. Please note that there is no change to the underlying investment strategies of the Russell Sector Portfolios. Amendments are intended to more accurately and consistently disclose how the Russell Sector Portfolios' underlying investments are managed. **To view all of the changes, you may access the new PDS at www.russell.com.au**

Change to the fee-free period effective 1 January 2010

This notice is only applicable for members in the Employer Division. Currently when you leave your employer and transfer into the Personal Division, Russell offers you a 90-day fee-free period. Effective 1 January 2010, the fee-free period will change to 40 days. On transfer into the Personal Division, you will be reminded of the fee-free period and be provided with a copy of the Personal Division Product Disclosure Statement.

* Russell Conservative Portfolio, Russell Diversified 50 Portfolio, Russell Blended Balanced Portfolio, Russell Balanced Portfolio, Russell Balanced Opportunities Portfolio, Russell Growth Portfolio, Russell High Growth Portfolio.

** Russell Australian Cash Portfolio, Russell International Property Securities Portfolio - \$A Hedged, Russell Australian Shares Portfolio, Russell Australian Opportunities Portfolio, Russell International Shares Portfolio, Russell International Shares Portfolio - \$A Hedged, Russell Global Opportunities Portfolio, Russell Socially Responsible Australian Shares Portfolio.

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We recognise everyone is different, so we offer assistance to suit your individual needs.

Website

www.russell.com.au

Our website provides online access to your account details, fact sheets, tools and educational material to help you make the most of your super savings.

Helpline

1800 555 667

Sometimes you'll want to speak to someone about your account details or about general information on super topics. Our Helpline is available from 9am to 5pm, Monday to Friday (AEST).

General and personal advice

For free general advice regarding your superannuation account, you can speak with one of our superannuation specialists over the phone. If you require more personalised advice, we can refer you to an adviser through our Adviser Referral Program. Call the Helpline and ask to speak to an adviser in your area.

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