



## Welcome to the March 2010 issue of the Pulse.....

### The Rocky Road to Recovery

Now that the first quarter of 2010 has ended, it is clear that the high volatility that we have seen in share markets around the world over the last few years, is still present.

The consensus among investment commentators seems to be that the remainder of this year will see that bumpy ride continue. The question many investors are asking is "what should I be doing now"? The longer term investment horizon looks positive, but decisions made now may impact your investment portfolio well into the future, so getting personalised quality advice is the first important step in ensuring you are well prepared for the challenges which share markets will throw up into the future.

The quarter ahead has a number of important financial reports being released which include:

- The May Federal Budget
- Henry Review (Taxation System)
- Cooper Report (Superannuation System)

As always we will be running a special edition of the Pulse upon the release of the federal budget which will also summarise the above reviews as they are released.

### How has Health Super performed?

Please find below a return comparison between the Health Super Accumulation options and the Median return of all equivalent Balanced options (41%-60% Growth Asset exposure) as researched by Chant West up to 31st December 2009:

Option	1 Year	Median Fund	3 Year	Median Fund	5 Year	Median Fund	7 Year	Median Fund
Long Term Growth	18.2	18.2	-1.2	-2.3	5.7	4.6	7.6	7.1
Medium Term Growth	14.4	14.9	0.4	-0.7	5.6	5.1	7.1	7.0
Balanced	11.7	12.5	1.6	0.7	5.2	4.7	N/A	6.0
Short Term Conservative	8.2	9.4	3.0	2.4	4.9	5.0	5.6	5.7

As evidenced above Health Super has performed strongly during this period of instability when compared to its' peers, especially when looking at the longer term returns.

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## We can help you with Self Managed Superannuation

Do it yourself (DIY) super via a self managed fund is becoming an increasingly popular choice for people who want to have control over how their super monies are invested.

As a result of demand for advice on self managed superannuation we have introduced a new service for members who are considering either establishing their own fund or who already have their own fund.

If you're thinking of starting your own DIY super fund, or require advice on your existing fund make sure you discuss your options in detail with us. There is a lot more to a SMSF than you might think and it's important that you know exactly what will be required of you from a SMSF administrative and compliance perspective. Still interested? Read on....

### *Understanding the rules and obligations of a SMSF*

While there are benefits in establishing a SMSF, running your own fund is complex and there are many things you have to consider, including:

- your investment strategy – setting it and sticking to it
- the administration of your fund – completing all the paperwork correctly and on time
- compliance with super and other laws – and there's a lot of them

In fact many people who choose the DIY super path use a specialist SMSF administrator to undertake the onerous compliance activities. This allows them to enjoy the benefits of investment control and flexibility without as much paperwork.

Your fund's compliance with superannuation law is essential and you are legally responsible for making sure your fund complies with all the rules – even if you pay for professional advice and/or administration. We now offer a full range of services to assist members with these important obligations.

While the ATO's regulatory approach to SMSFs focuses on education and information, it is fast becoming more aggressive in its stance on fund compliance, which makes it even more important that your fund be run correctly.

The key areas of compliance for an SMSF relate to:

- meeting the sole purpose test
- documenting an investment strategy and investing in line with it
- prohibition on financial assistance to members and their relatives
- in-house asset rules

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- conducting all transactions at arm's length
- general prohibition against borrowing although the rules have been relaxed since September 2007
- acquisition of assets from related parties.

Please contact us if you would like to learn more about how we can provide you with advice and services that will take the hassle out of running your own fund and assist you to take full advantage of your SMSF.

### **Don't Breach your Contribution Caps**

The concessional contribution limits currently are \$25,000 p.a. for those under the age of 50, and \$50,000 p.a. for those over the age of 50. These limits are due to be reduced again from 1/7/2012.

Concessional contributions, being pre-tax contributions, include Employer SG, Salary sacrifice and self employed contributions to superannuation.

As the penalty tax applied for breaching these limits are quite severe, we recommend you review your current contribution levels, and if unsure, speak to your financial planner to ensure your strategies remain appropriate.

### **Spouse Superannuation Health Check**

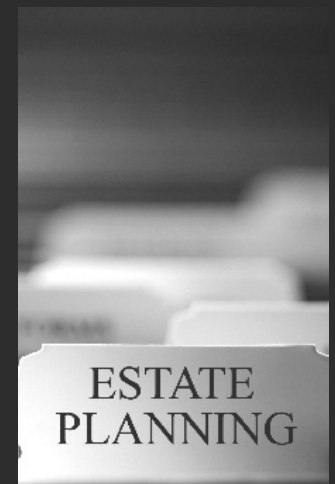
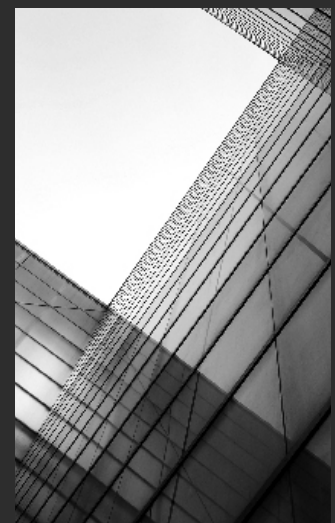
Often we are asked by members of Health Super whether their spouse can join Health Super as a member. The good news is that members of other funds can join Health Super if their spouse is already a member, even if your spouse already has an Account Based Pension with another fund.

If you are looking to do a comparison of superannuation funds it is important that you look at all the fees charged by each fund, including any commissions being paid to a financial planner. The comparison also needs to include any insurance you may have, investment returns, product features and generally how well they perform their job of looking after your money.

If you want professional assistance when performing this comparison we recommend that you contact us to arrange an appointment to meet with a financial planner.

Remember that financial planning appointments for Health Super Account Based Pension members are free!

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Finally.....

We hope that you have found the latest edition of our newsletter informative and you enjoyed a happy and safe Easter break. We invite you to contact one of our financial planners at Health Super Financial Planning on 1300 780 223, or [info@hsfp.com.au](mailto:info@hsfp.com.au) to discuss any financial planning matter in greater detail.

Regards,

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