

RSSF RecruitmentSuper 1999 trustee report

The fund

Recruitment Services Superannuation Fund, **RecruitmentSuper**, is specially designed for the recruitment and consulting services industry. Because you are highly mobile in your career, wherever you choose to work within the recruitment industry now or in the future, you can continue to save for your future with one fund, RecruitmentSuper.

Membership is open to anyone who works for or through a personnel consultancy, the principal and their consultants.

Key features of RecruitmentSuper

Excellent investment

Sound professional management plus tax concessions make RecruitmentSuper an excellent investment for retirement saving.

Automatic portability between jobs

Providing you remain within the recruitment industry, you do not need to change your super when you change jobs or employers. Your new employer can simply take over contributions to the fund. Naturally, amounts from other funds can be rolled over into your RecruitmentSuper account.

Growth of your super investment

A statement of account is sent to you every year to show the growth in your investment. The details of your investment are clearly set out and explained.

Three membership accounts

EasySuper operates as a low cost, simple accumulation account with a balanced investment approach. Interest is credited annually. Insurance cover is not available.

SelectSuper puts you in the driving seat. A choice of contribution arrangements, investments and insurance cover for death, permanent disablement and temporary disablement.

PreservedSuper is a low cost account for members where no contributions have been received for 12 months. Insurance cover is not provided.

Help line

If at any time you want information about RecruitmentSuper or your investment:

Freecall: 1800 331 210.

Website: www.superrecruit.com

Email: tmssuper@bigpond.com

The trustee

The trustee responsible for operating the fund is Professional Associations Superannuation Limited ACN 056 917 303.

The board of directors of the company is made up of equal numbers of employer and employee representatives. Employer representatives are nominated by the Recruitment & Consulting Services Association-RCSA and member representatives are elected by members.

Trustee board of directors, year ending 30 June 1999

Member representatives

Patricia Moore-secretary Marion Bolton Erica Turek

Employer representatives

Ross Fisher-chairman Dorothy Caldicott John Plummer

Professional management

The following organisations are employed to assist with managing the fund:

Administrators:

SelectSuper and EasySuper - Australian Administration Services, an AMP company.

PreservedSuper - HLB Mann Judd (Vic) Pty Ltd

Auditor:

Arthur Andersen

Bankers:

SelectSuper and EasySuper: Commonwealth Bank Australia

PreservedSuper: National Australia Bank

Insurers:

Death and total & permanent disablement: Colonial

Income protection: Lloyds of London

Investment adviser:

Towers Perrin

Investment managers:

AXA Australia, formerly NMFM property and fixed interest

Colonial First State Australian equities

Fidelity overseas equities

Hastings Funds Management infrastructure

Integrated Equity Australian shares

Salomon Smith Barney

Asset Management Australia shares and property

Superannuation Members'

Home Loans fixed interest

Marketing and consulting:

Technical & Management Services

Liability insurance

The trustee has taken out liability insurance to indemnify it against claims that may be made against it as trustee of the fund.

Your benefits

On resignation, retirement, death or disablement a benefit will be paid equal to your account balance, which is defined below.

Your account balance

Your account is very simple. Contributions made by you, if any, or your employer on your behalf, are credited to your account. Earnings are calculated on the daily balance and credited to your account on 30 June each year.

Administration charges are debited from your account on a weekly basis and insurance premiums, if any, are debited monthly. Contribution tax is debited from your account on 30 June each year and you will be notified in writing when your surcharge liabilities, if any, will be debited from your account. Any insurance claim payment for death or disability is credited to your account. The resulting amount is your account balance.

Your account exists primarily for your retirement and can only be withdrawn in cash upon satisfying one of the following conditions:

- retirement after age 55 for those born before 1 July 1960, increasing to age 60 for those born after 1 July 1964
- total and permanent disablement
- death when the benefit will usually be paid to your nominated beneficiary or your estate
- you have received Commonwealth income support benefit for one year under age 55, or nine months over age 55, or
- compassionate grounds approved by Australian Prudential Regulation Authority-APRA.

Changes to preservation rules

- All contributions made after 1 July 1999 and all earnings from this date, including earnings on contributions made before 1 July 1999, are subject to compulsory preservation. The amount that you can take in cash, subject to the release conditions described above, was identified and frozen at 1 July 1999. This amount is shown on your annual statement as non-preserved and will not increase over time.
- To encourage you to keep your superannuation monies for retirement purposes, the rules of the fund do not permit the cashing out of preserved benefits less than \$200.
- Legislation was amended so that from 1 July 1998, preserved benefits are no longer made available to members who permanently leave Australia.

Increasing your savings

Contributions are made to the fund by your employer on your behalf. These may be a fixed dollar amount or a percentage of your salary. If you become a member of SelectSuper, you can increase your retirement savings by contributing extra amounts to the fund from either your pre- or post-tax pay. For information about increasing your savings in SelectSuper, simply contact us.

Arrears policy

Due to both the transient nature of the recruitment industry and the voluntary membership of the fund, the trustee has determined that it is not appropriate to develop and implement a contributions arrears policy. However, if you would like to know if one of your employers from the recruitment industry has contributed to RecruitmentSuper on your behalf, the trustee will assist with the enquiry.

Insurance

Insurance cover for death, total and permanent disablement and income protection against total and temporary disablement is offered to members of SelectSuper. Our website www.superrecruit.com and the SelectSuper brochure has full details of the cover, cost and terms and conditions.

Remember that as insurance premiums are deducted from your account balance, insurance cover does not commence until there is sufficient money in your account balance to cover the monthly premium. If you are new to the fund, you should check with your employer to see if they have made their first contribution. If you want to secure insurance cover before your first contribution hits your account, you should bring in a rollover from another superannuation fund.

Administration fees

An account-keeping fee is deducted from your account to pay for fund administration. Transaction fees are also deducted for processing your contributions. A withdrawal fee only applies when a benefit payment is made from the fund. Members of SelectSuper are entitled to one free switch of their investment portfolio each financial year. A \$20 switching fee applies to each additional switch within a financial year.

Account name	Account fee	Transaction fee	Withdrawal fee	Switching fee
PreservedSuper	45 cents per week till 31 December 1999, then 50 cents per week	n/a	\$25	n/a
EasySuper	55 cents per week till 31 December 1999, then 60 cents per week	\$2.25 per contribution	\$35	n/a
SelectSuper	70 cents per week till 31 December 1999, then 75 cents per week	\$2.25 per contribution	\$35	1 free switch per financial year and \$20 per subsequent switch

Accounts with less than \$1000 are protected from erosion by administration fees under member protection which applies to all three categories of the fund.

Insurance continuation option

Should you leave the recruitment industry the insured component of your death benefit will continue for 6 months. You have the opportunity to continue the death cover beyond this period by purchasing personal death insurance cover from our insurer at their standard rates applying at the time.

The advantage of this is that, with the exception of providing evidence of your HIV status and completing answers to AIDS questions in a manner satisfactory to the insurer, at your expense, you do not have to provide the usual detailed evidence of your health. By providing satisfactory evidence of your occupation, you may also apply to extend your total and permanent disablement cover.

To qualify for this option you must be under the age of 65 and not join any armed forces and not have made a claim for total and permanent disablement under this policy. This option expires 6 months after you leave the recruitment industry.

Tax

We deduct a 15pc federal government tax from your employer's contributions. An additional superannuation surcharge of up to 15pc is paid by members with a remuneration package of at least \$78,208pa. Using tax file numbers and tax returns, the Australian tax office advises the trustee of those members who must pay the surcharge, as well as the amount of the surcharge. Assessment notices are then issued to members by our administrator. The amount of surcharge is deducted from the account balances of those members concerned and then remitted to the tax office.

Tax is also deducted from most benefits paid out of the fund. The amount of tax in this instance may be higher if you withdraw money before retirement.

Tax file numbers

We are required by law to ask you for your tax file number. With your tax file number, RecruitmentSuper is easier to administer, and the correct amount of tax will be debited from your account. Without your TFN, you will automatically be charged surcharge tax, even if you don't earn enough income to qualify for the surcharge. In other words, if you have not supplied your TFN, you may be paying much more tax than you need to.

How your money is invested

The fund's investment policy is to provide:

- for members of EasySuper and PreservedSuper, a balanced growth investment portfolio
- for members of SelectSuper, a choice of 4 investment portfolios, with the balanced growth investment portfolio as a default

SelectSuper investment portfolios and performance

This table sets out the objectives and target returns of each of the 4 portfolios.

	Cash plus	Balanced growth	High growth	Aggressive growth
Investment objective	High security of capital with annual returns higher than cash	Achieve stable pattern of returns while maintaining low probability of negative returns	Achieve higher returns over the medium to long term through a greater exposure to growth assets, with increased risk of negative return	Achieve higher returns in the long run through emphasis on growth assets, recognising greater risk of negative returns
Target return	Match or exceed short term investment returns as measured by the SBC Australia Bank Bill Index	Average 3pc above inflation over any 4 year period	Minimum 3.5pc above inflation over any 4 year period	Minimum 4pc above inflation over any 4 year period
Investor time horizon	Short term	Medium term, 3+ years	Medium to long term, 5+ years	Long term, 10+ years
Investment reserve to smooth returns?	No	Yes	No	No
Level of investment risk	Very low	Low	Moderate	High

Our investment strategy

To achieve the above objectives, the trustee has adopted percentage strategic asset allocations for each of the 4 investment portfolios:

	Cash plus	Balanced growth	High growth	Aggressive growth
Australian equities		28	32	38
International equities		24	30	34
Property		3	8	13
Australian fixed interest/cash	100	30	19	8
Overseas fixed interest		10	6	2
Infrastructure		5	5	5

Strategic asset allocation

This table shows the strategic asset allocation at 30 June 1999 for the whole fund, after the introduction of Member Investment Choice, as well as at 30 June 1998, before the introduction of MIC, when the entire fund was invested in a balanced growth portfolio

Sector	June 1999		June 1998	
	for the whole fund, allowing for effect of Member Investment Choice		before the introduction of Member Investment Choice	
	Benchmark pc	Actual pc	Benchmark pc	Actual pc
Australian equities	28	25.5	26	23.9
International equities	24	18.9	19	17.0
Property	3	10.9	10	12.5
Australian fixed interest/cash	31	31.8	30	36.7
Overseas fixed interest	9	9.6	10	8.8
Infrastructure	5	3.3	5	1.1

The current benchmark asset allocation will be subject to regular review as members change their choice of investment portfolio. At any time the actual portfolio will have different percentages as the investment managers strive for higher results. The trustee requires that investment managers can only vary the asset allocation away from the benchmark allocation within small specified ranges. The trustee is also moving to use a range of specialised investment managers to invest the funds allocated to each asset class. Previously, the trustee has used a combination of balanced and specialist investment managers.

This year's results

The fund's investment earnings for the year ending 30 June 1999 was 6.3pc after tax. The fund declared the following crediting rate to members' accounts:

Category	Balances under \$3000	Balances of at least \$3000
SelectSuper	10.0pc	10.0pc
EasySuper	6.0pc	8.0pc
PreservedSuper	6.0pc	8.0pc

To offset the costs of protecting small accounts from erosion by administrative fees, called member benefit protection, a reduction of 2pc in the crediting rates applies to accounts under \$3000.

Our average annual earning rate over the past five years is 10.3pc - a result that meets our investment objectives.

However, it is vital to understand that past rates are not a reliable predictor of future performance.

Our return from NMFМ has been under benchmark and as part of our move to specialist managers, the trustee took decisive action by transferring non-fixed interest moneys to a better performing fund manager.

The trustee has decided to distribute part of the reserves to those members who transferred from EasySuper to SelectSuper before 1 July 1999. The investment return credited to their accounts has been increased by 2pc to achieve a total crediting rate of 10pc for the year ended 30 June 1999. No distribution of reserves will apply to any members who transfer from EasySuper to SelectSuper after 1 July 1999.

Fund earnings and crediting rates

Period	Total earnings after tax	Crediting rate	CPI	Reserves at year end	Reserves as percentage of vested benefits
1/7/98 - 30/6/99	6.3pc	See table on previous page	1.1pc	\$3,000,000	2.7pc
1/7/97 - 30/6/98	10.4pc	10.2pc balances over \$3000 8.0pc balances over \$3000	0.7pc	\$3,907,952	4.8pc
1/7/96 - 30/6/97	18.3pc	16.3pc	0.3pc	\$2,511,714	3.8pc
1/7/95 - 30/6/96	8.8pc	8.0pc	3.1pc	\$254,921	0.7pc
1/7/94 - 30/6/95	8.0pc	7.0pc	4.6pc	\$487,069	2.2pc

Crediting and reserving policy

Balanced growth portfolio

The fund retains a percentage of its earnings from the balanced growth portfolio as a reserve for the following purposes:

- To help smooth crediting rates from year to year. This means that in periods of high return money can be put aside to compensate for periods of low return
- To assist with the cost of protecting small accounts from erosion by fees – this is called member benefit protection and is required under federal legislation.
- To allow for the future development of the fund in a rapidly changing superannuation environment.

It is the trustee's policy to limit the level of reserves held by the fund to between 2pc to 5pc of the balanced growth portfolio and to credit the majority of the fund's investment earnings to members' accounts.

Cash plus, high growth and aggressive growth portfolios

It is not the intention of the trustee to build investment fluctuation reserves in these 3 portfolios. The trustee aims to credit to account balances in these portfolios amounts approximate to the actual earnings. However, from time to time a small reserve may exist to allow for the approximation of investment and tax expenses.

Abridged financial reports for 1998-99

Operating statement for the year ended 30 June 1999

	1999 \$	1998 \$
Contribution revenue	44,539,659	34,835,501
Investment revenue	5,822,759	7,685,372
Other revenue	190,146	277,525
Total revenue	50,552,564	42,798,398
Administration and operational expenses*	2,934,682	2,858,506
Operating surplus before tax	47,617,877	39,939,892
Income tax	6,048,096	4,806,343
Benefits accrued	41,569,781	35,133,549
*For 1998-99 includes: sales and marketing campaign	\$225,701	
statutory communications	\$98,831	
trustee remuneration	\$28,200	

Statement of financial position at 30 June 1999

	1999 \$	1998 \$
Investments	99,997,466	76,926,443
Other assets	18,249,568	13,439,814
Total assets	118,247,034	90,366,257
<i>Less</i>		
Amounts payable	4,588,660	5,044,498
Provisions	576,638	692,124
Total liabilities	5,165,298	5,736,622
Net assets to pay benefits	113,081,736	84,673,635
Vested benefits - allocated to members	106,284,458	77,823,201
- not allocated	3,797,279	2,963,123
Reserves	3,000,000	3,887,311

The audited fund accounts and the auditor's report will be available for inspection by members in December. To obtain a copy of these documents, please contact the Board Secretary.

Changes to the fund

Changes need to be made to the fund from time to time. Where it materially affects your benefits you will be notified in advance. These changes are set out each year in the trustee report.

During this last year the following changes were made:

1. The introduction of our income protection scheme for members of SelectSuper.
2. In relation to the different categories of membership, the trustee can:
 - move members into or out of membership categories as it determines
 - determine and vary from time to time the features and the conditions that apply.

Further information

The trust deed is the legal document governing the fund and can be requested along with the audited accounts, auditor's report, APRA returns, compliance notices, investment policy statement, rules for the appointment and removal of fund directors and the enquiries and complaints procedures.

Enquiries and complaints

If you have a complaint please write to the Board Secretary at our address on the back page. We aim to resolve all complaints within 90 days. If after this period you are still not satisfied, then you may be able to take the matter to the Superannuation Complaints Tribunal-SCT. The SCT is an independent body that provides a low cost forum for conciliation in superannuation disputes.

To find out if the tribunal can handle your complaint or any other information, call:

☎ 13 14 34 - Superannuation Complaints Tribunal

☎ 13 10 60 - Local state office of APRA

If we lose contact

If we lose contact with you and/or you have an account balance of less than \$100 and your account has received no contributions for the past 12 months, then your benefit may be transferred out of the fund

If you are of pension age, we must transfer your benefit to the relevant state unclaimed monies office or the Australian Tax Office.

If you are below pension age, your benefit can be transferred into an Eligible Rollover Fund-ERF.

In an ERF:

- your benefit may receive interest
- fees will not exceed interest credited and
- the benefit is available for withdrawal under the same conditions as RecruitmentSuper.

The ERF chosen by us is the National Preservation Trust, whose address is the same as for Easy and Select Administration listed on the back page.

Nomination of new directors

An election for the directors of the trustee will be held next year. All directors will retire and the three member directors will be appointed after a ballot of members. The future term of appointment will be for 6 years with rotation every 3 years. Directors will be expected to undergo relevant training.

Nomination forms can be obtained from the Board Secretary and must be returned by 30 April 2000.