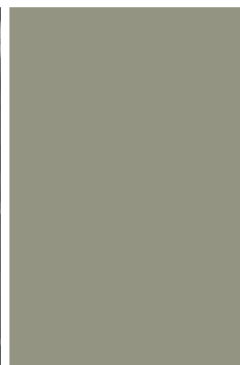


## Member Annual Report



For the financial year ended 30 June 2003



## From your first pay to your retirement days, the benefits add up

If you think **HOSTPLUS** is “just” a super fund, you’re in for a surprise.

Yes, our focus is still on delivering strong, consistent investment returns, as it always will be. But while that was once the full extent of our member benefits, today it’s only one of many.

For proof, turn the page. You’ll find no matter who you are, how old you are or where you are career-wise, **HOSTPLUS** membership can help you to get what you want. Now, and in the future.

When you’re with **HOSTPLUS**, the benefits add up.

**1**

## So that's what a pay slip looks like

It's your first job. The money's OK but being part-time is not enough to get everything you want right now. What to buy, how best to pay for it and maybe how to put a little away for later – that's the challenge.

**2**

## Down the aisle to Mortgageville

One day you're single, next day you're not. Day after that you're buying your first home together. Or at least that's how it seems. Dual income, no kids, it's all just a matter of saving smart and investing wisely. Isn't it?

**3**

## And baby makes three

More expense, less income, no sleep. And you wouldn't swap it for the world. Being a parent does focus the mind though. Saving for 12+ years of education, mortgage repayments, making sure the family is protected financially... the pressure never lets up!

**4**

## A fork in the road

You're not the first couple to divorce and you won't be the last. But at least you're both still talking and the kids are coping well. Money – that will be the hard part. Splitting your super, paying maintenance, setting up a new place to live... there are so many balls to juggle.

**5**

## Home alone and lovin' it

The youngest has finally moved out of home and after 32 years it's just the two of you again. Time to get selfish. Time to indulge. You're going to be on the planet for a long while yet. Live a little, invest a lot. You deserve it.

**6**

## Let the good times roll

The "R" word has definitely entered your vocabulary. And when the time comes you'll be ready. After all, you're fit, healthy and have big plans. But in the meantime, there are still a few financial matters to take care of.

The wants	The hows	The details
<ul style="list-style-type: none"> <li>• A car, a serious stereo or something else with a few zeros attached</li> </ul>	<ul style="list-style-type: none"> <li>• Members Equity Personal Loan</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• To see the world without it costing the earth</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Travel Club</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• An everyday bank account where you earn a decent rate of interest</li> </ul>	<ul style="list-style-type: none"> <li>• Members Equity InterestME account</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• To invest <i>your super your way</i></li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Investment Choice</li> </ul>	<ul style="list-style-type: none"> <li>• Page 9</li> </ul>

The wants	The hows	The details
<ul style="list-style-type: none"> <li>• The mother of all honeymoons without the matching bill</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Travel Club</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• Expert advice to help you reach your savings goals</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Planning with the initial “fact-finding” consultation free</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• A low interest, low fee mortgage</li> </ul>	<ul style="list-style-type: none"> <li>• Super Members Home Loan from Members Equity</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• Lower super fees and less paperwork</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidating all your super into HOSTPLUS</li> </ul>	<ul style="list-style-type: none"> <li>• Page 11</li> </ul>
<ul style="list-style-type: none"> <li>• To be independently wealthy by the time you retire</li> </ul>	<ul style="list-style-type: none"> <li>• Additional contributions to your HOSTPLUS account</li> </ul>	<ul style="list-style-type: none"> <li>• Page 5</li> </ul>

The wants	The hows	The details
<ul style="list-style-type: none"> <li>• Affordable private health insurance for the whole family</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Health Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• Smart ways to minimise your income tax</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS spouse contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Page 8</li> </ul>
<ul style="list-style-type: none"> <li>• A credit card that won’t cost the earth in interest charges</li> </ul>	<ul style="list-style-type: none"> <li>• Members Equity MasterCard</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• To know your family will be looked after financially, no matter what</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Death and TPD, and Salary Continuance Insurance Cover</li> </ul>	<ul style="list-style-type: none"> <li>• Page 5</li> </ul>

The wants	The hows	The details
<ul style="list-style-type: none"> <li>• To sort out your finances, fast</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Planning with the initial “fact-finding” consultation free</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• To divide all your assets with your partner – including your super</li> </ul>	<ul style="list-style-type: none"> <li>• Family Law changes allow you to split your super</li> </ul>	<ul style="list-style-type: none"> <li>• Page 19</li> </ul>
<ul style="list-style-type: none"> <li>• To furnish a home from scratch without breaking the bank</li> </ul>	<ul style="list-style-type: none"> <li>• Members Equity MasterCard and/or Personal Loan</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• Salary Continuance and/or Death and TPD Insurance Cover without losing take home pay</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS deducts the premiums directly from your super</li> </ul>	<ul style="list-style-type: none"> <li>• Page 5</li> </ul>

The wants	The hows	The details
<ul style="list-style-type: none"> <li>• To maximise your wealth while minimising your tax</li> </ul>	<ul style="list-style-type: none"> <li>• Salary sacrifice and/or additional contributions with HOSTPLUS Investment Choice</li> </ul>	<ul style="list-style-type: none"> <li>• Pages 5 &amp; 9</li> </ul>
<ul style="list-style-type: none"> <li>• To be financially secure no matter what</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Death and TPD, and Salary Continuance Insurance Cover</li> </ul>	<ul style="list-style-type: none"> <li>• Page 5</li> </ul>
<ul style="list-style-type: none"> <li>• One or two of those trips you’ve put off for so long</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Travel Club</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>

The wants	The hows	The details
<ul style="list-style-type: none"> <li>• Comprehensive health cover</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Health Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• Enough money to fund all your future plans</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Planning with the initial “fact-finding” consultation free</li> </ul>	<ul style="list-style-type: none"> <li>• Additions Brochure</li> </ul>
<ul style="list-style-type: none"> <li>• Less of your super in “higher risk” investments, like shares, leading up to your retirement</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS Investment Choice</li> </ul>	<ul style="list-style-type: none"> <li>• Page 9</li> </ul>
<ul style="list-style-type: none"> <li>• A tax-effective income plus financial flexibility, after retirement</li> </ul>	<ul style="list-style-type: none"> <li>• IRIS Allocated Pension</li> </ul>	<ul style="list-style-type: none"> <li>• Page 11</li> </ul>

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David Elia  
Executive Officer



Michael Keogh  
Chairperson, Independent Director

## Executive overview

It certainly has been an outstanding year for **HOSTPLUS**.

Members will be particularly pleased to know that **HOSTPLUS** was ranked **number one** for investment performance of major Australian multi-employer super funds (including other industry funds and master trusts such as AMP, AXA, BT and MLC) in the balanced option category for the year ended 30 June 2003.\*

**HOSTPLUS** returned 4.1% to members in the Balanced option.

According to SuperRatings, the median (or middle) balanced fund option returned -0.1% for 2002–2003, which means that **HOSTPLUS'** Balanced option outperformed the industry average by 4.2 percentage points. Our Capital Stable and Shares Plus options also performed well.

The decision to underweight shares in the first eight to nine months of the financial year and overweight direct property investments and diversified fixed interest securities paid off. In March we invested more in shares and the share markets have rallied ever since – great news for members' account balances.

**HOSTPLUS** passed an important milestone in April when funds under management reached the \$2 billion mark for the first time, placing **HOSTPLUS** 25th in SuperReview Magazine's survey of Australia's top 300 super funds. In addition, **HOSTPLUS** now has one of the largest membership bases in Australia, with over 510,000 members and more than 20,000 participating employers.

As well as a new look for the Fund (with a fresh new logo and revitalised website), **HOSTPLUS** has introduced some exciting member benefits over the last 12 months, including the **HOSTPLUS** Travel Club, financial planning and health insurance at special rates. The good news is, this is only the beginning – you can expect more exciting member benefits in the future.

Remember, **HOSTPLUS** is your fund for now and in the future, so please take the time to review the contents of your Annual Report package and learn about all the immediate and long-term benefits of membership. And of course, if you have any questions, please feel free to call us on **1300 363 895**.

David Elia, Executive Officer

## Welcome a board

It has been a somewhat turbulent year for **HOSTPLUS**, with the suspension of the Trustee for several months as a result of governance issues affecting the previous Trustee Board.

On the governance front I am delighted to be able to report that **HOSTPLUS** Pty Ltd was re-approved by the Australian Prudential Regulation Authority (APRA) on 13 August 2003 as Trustee of **HOSTPLUS**, following its suspension as Trustee of the Fund on 6 March 2003. APRA appointed Ernst & Young Superannuation Nominees No. 1 Pty Ltd ACN 093 319 307 as acting trustee of **HOSTPLUS** during the period of suspension.

The suspension of the Trustee was a consequence of a long-running boardroom stalemate resulting in six of the 12 Directors of the previous Board of the Trustee resigning on 3 March 2003. The stalemate has been resolved and the Trustee's constitution has been amended so that the board now comprises three member-representative Directors, three employer-representative Directors and three independent Directors, with a mechanism to prevent any future deadlocks.

Seven new Directors have been appointed to the Board of the Trustee, including myself and two other independent Directors. The Trustee Board is committed to completing the process of developing and implementing a detailed Risk Management Plan. These measures will go a long way towards ensuring a robust corporate governance framework is in place and that members can take confidence in the proper and effective management of the Fund going forward.

Notwithstanding this disruption, I am delighted to be able to report that on the investment front the year ended on a particularly high note with the Fund's Balanced option achieving a record return for the year of 4.1%, higher than any other of our competitors' balanced options.\* Other investment options also performed well, as did the Fund's various individual asset classes, compared to the industry average.\*

Michael Keogh, Chairperson, Independent Director

# It's been a year filled with highlights and new benefits for members

HOSTPLUS entered the financial year ended 30 June 2003 determined to achieve improved investment performance, develop better communications material and implement new services that would be of benefit to you now.

Our results speak for themselves.

## HOSTPLUS Balanced option ranked the number one balanced fund

The HOSTPLUS Balanced option was ranked **number one for investment performance** in the 2002–2003 financial year and third for the five years to 30 June 2003.\* A great result for members!

Our Capital Stable and Shares Plus options also delivered significantly stronger performance since the last annual report, with returns of 6.3% and -0.6% respectively, and again were placed near the top of the industry for the financial year ended 30 June 2003.

## Our fees remain amongst the lowest in Australia

At a flat \$1 per week, HOSTPLUS' administration fee is amongst the lowest of any Australian super fund.† We simply don't believe in charging the types of complex, percentage-based fees applied by many other funds.

Plus, being a profit-for-members fund, all HOSTPLUS' "profits" are distributed to members in the form of higher returns, not to shareholders or commission-driven sales people. At HOSTPLUS, more of your money works for you.

## A new look to everything we do

Toward the end of 2002, HOSTPLUS embarked on a project to better understand your wants and needs. We learnt what we were doing right and identified areas for improvement.

One of the most obvious, and immediate, changes to result from this work has been to rethink the way HOSTPLUS keeps in touch with members. Not just what we say, but how we say it.

That's why we have a new look, why we're trying to be clearer and more relevant with our news and information, why we've introduced a range of "everyday" services and why we re-developed our website [www.hostplus.com.au](http://www.hostplus.com.au)

## Savings on travel, private health cover and financial planning

Over the last 12 months, HOSTPLUS has launched three valuable, cost-saving services:

- The HOSTPLUS Travel Club, which offers discounted airfares, accommodation, tours, cruises and car hire, plus regular, exclusive deals for members.
- The HOSTPLUS Health Plan, offering private health insurance at special rates through Manchester Unity.
- Financial planning through Industry Fund Financial Planning on a non-commission, fee for service basis, with the initial "fact finding" consultation provided free of charge.

## HOSTPLUS insurance benefits increased by up to 70%

Through the appointment of ING, we have enhanced the terms and benefits of our Death and Total and Permanent Disability Insurance Cover, and Salary Continuance Insurance Cover – with no increase in premiums to you! See page 5 for details.

## Independent directors appointed

The new HOSTPLUS board comprises nine directors – three each representing the interests of employees and employers, and three independent directors.

## Wherever you go, HOSTPLUS goes with you

Your HOSTPLUS super is portable, so you can take all these benefits with you from one job to the next. Be it from a club to a pub, one restaurant to another, or from one state to another.

Even if you move outside the hospitality, tourism, recreation and leisure industries, you can still stay with HOSTPLUS, maintain your insurance cover, and continue to enjoy all the other benefits your membership provides. To get your new employer to contribute to HOSTPLUS, just ask them to call **1300 363 895**.

\* SuperRatings Superannuation Fund Earning Rates, Balanced Options, with asset allocation in growth style assets between 65% and 75% (a balanced investment option), 30 June 2003 and SuperRatings, Final 30 June Crediting Rates for Superannuation Fund Members.

† This is the only fee actually charged to a member's account. The only other fee is an investment management fee which is charged by the Fund's investment managers and is deducted from investment earnings before returns are applied to members' accounts.

# Use voluntary contributions to build more wealth, more quickly and often tax-effectively

If your idea of retirement is having enough time and money to do whatever you want, whenever you want to, then compulsory super contributions alone may not be enough.

One solution – and definitely the most painless – is to make additional contributions to your **HOSTPLUS** account on a regular basis. Over time, even tiny amounts can have a huge impact. The secret is to start early.

## Small weekly contributions become small fortunes over time

<b>Start contributing at age</b>	20	30	40
<b>Additional amount contributed</b>	\$25	\$25	\$25
<b>Total additional contributions</b>	\$58,500	\$45,500	\$32,500
<b>Estimated benefit at retirement</b>	\$212,658	\$120,272	\$63,554

The estimated benefit is expressed in 2003 dollars and are calculated assuming a compound interest rate of 5% p.a. with amounts being fully invested until age 65. (Please note that these assumptions are for illustrative purposes only. The actual investment return is not guaranteed. It can be higher or lower than set out in this example.)

## Tax advantages for all income levels

In addition to their long-term, wealth-building advantages, voluntary contributions – made before tax – can reward you with immediate tax breaks.

It's simple. If your employer can contribute through before-tax salary sacrifice, you avoid paying personal income tax rates on money invested – which can be as high as 48.5% – and instead, pay just 15% contributions tax when invested in super. (Note that high income earners, with an assessable income of \$94,691 or more in the financial year ended 30 June 2003, are liable for up to 15% super surcharge on top of the 15% contributions tax.)

In addition to salary sacrifice, which not all employers can offer, voluntary after-tax contributions can be made via cheque, direct debit and automatic payroll deduction.

And the good news is employees earning less than \$31,000 a year are eligible for a tax rebate of up to 10% on the first \$1,000 of after-tax voluntary contributions in each financial year.

For more information, call **HOSTPLUS** on 1300 363 895 between 8am and 8pm weekdays.

## More insurance cover for you and yours

Go back a few years. What could you get for a dollar then? Could you still get it for a dollar today? Chances are you're having trouble thinking of something.

But this is exactly what **HOSTPLUS** has managed to secure for you by selecting ING as our new insurance provider to replace AXA.

So from 1 July 2003, any Death and Total and Permanent (TPD) Insurance Cover and Salary Continuance Insurance Cover you may have with **HOSTPLUS** has been greatly improved.

## What you get under your new insurance deal

We have been careful to ensure that insured members are better off under the new deals with ING, both in terms of the amount of insurance cover offered (for the same cost) and the terms of the insurance cover by providing members with greater flexibility than before. The improved insurance benefits are highlighted below. There have been no changes to other provisions of the previous insurance arrangements, including eligibility criteria, new events cover and the ability of employee members to apply for additional cover.



## Death and TPD Insurance Cover improvements

Death and Total and Permanent Disability (TPD) Insurance Cover now provides you with extra financial protection as well as more flexible arrangements.

**More bang for your buck** – each unit of insurance cover now provides you with benefits that are up to 70% higher depending on your age. The table below shows the cover that one unit now provides under the standard scale and the management/clerical scale.

**No increase in premiums** – the cost of a unit of insurance cover has not changed. It's still just \$1 per unit per week.

**Death Only Cover available** – for members who have previously received a TPD benefit from another source, they can apply for Death Only Cover at a cost of 70¢ per unit per week. However, you need to tell us you've previously received a TPD payout otherwise we'll deduct the usual premium of \$1 per unit per week, but in the event of a claim you may receive a Death Only benefit.

**You can opt out** – employee members can choose to cancel the automatic unit of insurance provided to them by writing to us.

**Continuous cover** – unless you opt out, insurance premiums will continue to be deducted until your account runs out of money. Your cover (and the deduction of premiums) is no longer tied to the receipt of employer contributions.

**Higher maximum levels** – permanent employees can now apply for cover up to the Pension Reasonable Benefit Limit (\$1,176,106 for 2003–2004). Previously, this was restricted to a maximum of ten units. Casuals can now apply for one or two units, or up to a multiple of seven times salary. This was previously limited to two units.

**New Interim Accidental Death Cover** – while the insurer is processing your application, you're covered for up to \$250,000 for up to 90 days.

**Compelling reasons to keep your HOSTPLUS membership** – your insurance cover no longer ends 90 days after you cease work or your employer's contributions are overdue, as it used to under the previous insurance arrangements. Accordingly, there's a new definition of "TPD" after you have been unemployed for six months or more.

Age last birthday	Standard scale sum insured 1 unit =	Management / clerical scale sum insured 1 unit =	Age last birthday	Standard scale sum insured 1 unit =	Management / clerical scale sum insured 1 unit =
Up to 29	\$62,926	\$103,158	48	\$17,537	\$26,305
30	\$62,926	\$102,126	49	\$14,442	\$21,663
31	\$62,926	\$101,095	50	\$13,411	\$20,116
32	\$62,926	\$100,063	51	\$12,379	\$18,568
33	\$62,926	\$99,032	52	\$11,347	\$17,021
34	\$62,926	\$98,000	53	\$9,284	\$13,926
35	\$62,926	\$96,968	54	\$8,253	\$12,379
36	\$62,926	\$96,453	55	\$7,221	\$10,832
37	\$62,926	\$95,937	56	\$6,189	\$9,284
38	\$62,926	\$95,421	57	\$5,158	\$8,253
39	\$62,926	\$94,389	58	\$4,642	\$7,737
40	\$57,768	\$86,653	59	\$4,126	\$6,705
41	\$51,579	\$77,368	60	\$3,611	\$6,189
42	\$44,358	\$66,537	61	\$3,404	\$5,674
43	\$38,168	\$57,253	62	\$3,095	\$5,158
44	\$30,947	\$46,421	63	\$2,888	\$4,642
45	\$25,789	\$38,684	64	\$2,579	\$4,126
46	\$22,695	\$34,042	65	–	–
47	\$19,600	\$29,400			

## Salary Continuance Insurance Cover improvements

Salary Continuance Insurance Cover is now more flexible than ever before, providing a higher level of cover.

**Choice of waiting periods** – three new waiting periods (30, 60 and 90 days) have been added to the existing 45 day waiting period. And the longer the waiting period, the higher the monthly benefit. See the table below.

**More bang for your buck** – each unit of insurance cover now provides you with benefits that are 11% higher. The table below shows the new benefit rates.

**No increase in premiums** – the cost of a unit of insurance cover has not changed. It's still just \$1 per unit per week.

**Insurance up to 75% of your salary** – continue to select any number of units of cover up to a maximum monthly benefit of 75% of your monthly pre-disability income up to a benefit limit of \$20,000 or 20 units of cover, whichever is the lesser.

**New Interim Accident Cover** – while the Insurer is processing your application, you're covered for the level of cover you applied for (within eligibility limits) for up to 90 days.

**New Partial Disability Cover** – if you return to work in a limited capacity and are earning less as result of your injury or illness, new Partial Disability Cover may cover some of this loss.

**Continuous cover** – unless you cancel, the premium of \$1 per unit per week will continue to be deducted until your account runs out of money or you become a lost member (see page 17 for this definition). Your cover (and the deduction of premiums) is no longer tied to the receipt of employer contributions. Remember, pre-disability salary looks back 12 months from the date of your disability, so if you have been unemployed for more than 12 months, you have no average salary and therefore would not be entitled to any monthly benefit.

**Compelling reasons to keep your HOSTPLUS membership** – your insurance cover no longer ends 90 days after you cease work or your employer's contributions are overdue, as it used to under the previous insurance arrangements. Accordingly, there's a new definition of "totally disabled" after you have been unemployed for six months or more.

Waiting period	Unit rate per week	Monthly benefit payable per unit
30 days	\$1	\$382
45 days	\$1	\$510
60 days	\$1	\$707
90 days	\$1	\$1,148

## Death and TPD and Salary Continuance Insurance Cover is suspended for overseas travel of more than six months

A word of caution... you have no insurance cover for any event giving rise to a claim that occurs six months after you departed Australia to travel overseas – unless your employer continues to pay contributions on your behalf while you are overseas or the Insurer has given its prior written approval to continue cover. Your insurance cover resumes upon your return to Australia.

Unless you tell us to cancel your cover (effective six months after you depart Australia) premiums will continue to be deducted from your account even though your insurance cover has been suspended. This might suit you if you wish to be able to reactivate your insurance cover upon your return to Australia without the need to re-apply and undergo the underwriting process again by the Insurer.

### Want to know more?

HOSTPLUS' great insurance options are fully explained in our Insurance Guide, which includes a form to apply for, or change, insurance cover.

Download the Insurance Guide from our website at [www.hostplus.com.au](http://www.hostplus.com.au) or for more information call HOSTPLUS on 1300 363 895 between 8am and 8pm weekdays.



## With spouse contributions, savings and tax breaks go hand in hand

If your spouse earns less than \$13,800 p.a. or doesn't work, you can take advantage of a tax rebate of up to \$540 each year for super contributions paid on their behalf.

And, of course, every spouse contribution adds to the amount the two of you will enjoy in retirement.

### Contribute any amount, any time

You can make spouse contributions via cheque at any time, and there is no minimum contribution amount. Similar to voluntary contributions, even a small weekly amount can add up to small fortune over time.

#### The small print

Below, we refer to the person making contributions for his or her spouse as the 'contributing spouse'. The spouse for whom contributions are made is referred to as the 'receiving spouse'.

### Does one and one make two?

A contributing spouse does not need to be a **HOSTPLUS** member, however the receiving spouse does – either as an employee member or a Personal Super Plan member. To join **HOSTPLUS** as a Personal Super Plan member, the receiving spouse will require a minimum initial contribution of \$1,200, plus 12 months of insurance premiums (if applicable).

The receiving spouse and contributing spouse must also be either married or living together in a de facto relationship. A de facto spouse is one who lives with the taxpayer on a genuine domestic basis as the partner of the taxpayer. Government regulations do not allow spouse contributions from same sex partners or for couples living apart.

For more information, call **HOSTPLUS** on **1300 363 895** between 8am and 8pm weekdays and ask for a copy of our Spouse Contributions Brochure or Personal Super Plan Guide.

# Are you making the most of your investment options?

## With HOSTPLUS, you have control over the way your retirement savings are invested

Not all members have the same investment needs. Even your own needs will change throughout your working life. That's why HOSTPLUS offers you a range of investment options and the flexibility to switch from one to another.

HOSTPLUS Investment Choice is available to all members with an account balance of \$1,000 or more. Your options are:

- Balanced option,
- Capital Stable option, and
- Shares Plus option, or
- Super Select option (choose your own).

### • **Balanced option**

- 75% growth
- 25% defensive

May suit you if...

you want consistent returns over the longer term whilst accepting some fluctuations. This is the option your account is invested in if you don't make a choice or if your account balance has not reached \$1,000.

### • **Capital Stable option**

- 35% growth
- 65% defensive

May suit you if...

you are closer to retirement or wish to protect your super from fluctuations in the investment market.

### • **Shares Plus option**

- 90% growth
- 10% defensive

May suit you if...

you are comfortable with a higher level of investment risk and are aiming for a higher return over the long-term. May suit those who have many years until they retire.

For the Balanced, Capital Stable and Shares Plus options, the asset class mix (percentage of investments in the five available asset classes – Australian shares, international shares, property, diversified fixed interest and cash) is pre-determined by HOSTPLUS. If you wish, you can invest in more than one option, for example, 60% in the Shares Plus option and 40% in the Balanced option.

Alternatively, you can design your own asset allocation by choosing the Super Select option, and select from the following asset classes:

- Australian shares,
- International shares,
- Diversified fixed interest,
- Property, and
- Cash.

The Super Select option allows you to invest in any combination of these five asset classes, however it can't be combined with the other HOSTPLUS investment options.

## The small print

Please note that you need a minimum of \$1,000 in your super account before you can access the range of investment options. Until this threshold is reached, your money will be invested in the Balanced option. If you prefer not to choose at all, your account balance and future contributions will continue to be invested in the Balanced option. You can always reconsider your choice later if you wish.

	Balanced option	Capital Stable option	Shares Plus option	Super Select option
<b>What does this option offer?</b>	The Balanced option aims to produce consistent returns through diversified balanced assets, including some growth assets (shares and property) and some lower-risk investments (cash and diversified fixed interest).	This is the most conservative and low-risk of the HOSTPLUS investment options. It contains a higher percentage of defensive assets (cash and diversified fixed interest) than the Balanced and Shares Plus options.	This is the HOSTPLUS pre-mixed option with the highest investment in assets with potential for capital growth, likely to bring a higher return over the long-term. However, the value of the assets can vary and so can the returns achieved, at times producing a negative return.	The Super Select option allows you to create your own investment portfolio from five asset classes (Australian shares, international shares, property, diversified fixed interest and cash). You decide your own strategy and make your own decisions about the asset class mix that suits your risk profile and investment objectives. The Super Select option cannot be combined with other HOSTPLUS investment options.
<b>Investment objectives and strategies</b>	<ul style="list-style-type: none"> <li>• To achieve a positive rate of return in excess of that of the Capital Stable option, while minimising significant fluctuations in returns (over a rolling three-year period).</li> <li>• To maximise the prospect of a positive rate of return being credited in any one financial year through appropriate structuring of the asset mix.</li> <li>• To achieve a rate of investment return above the average return achieved by other similar funds.</li> </ul>	<ul style="list-style-type: none"> <li>• To achieve a positive rate of return that exceeds the return on cash and minimises fluctuations in returns (measured over a rolling three-year period).</li> <li>• To provide stability of return by maintaining an asset mix that, subject to the return requirement, maximises the prospect of a positive rate of return being credited in any one financial year.</li> <li>• To achieve a rate of investment return above the average return achieved by other similar funds and products.</li> </ul>	<ul style="list-style-type: none"> <li>• To achieve a high long-term rate of return exceeding that of the Balanced option, acknowledging that there may be significant yearly fluctuations in returns (measured over a rolling five-year period).</li> <li>• To invest in longer-term growth assets, accepting that the prospect of a negative rate of return in any one year is increased.</li> <li>• To achieve a rate of investment return above the average return achieved by other similar funds and products.</li> </ul>	<ul style="list-style-type: none"> <li>• Depends on the type of investment portfolio you choose.</li> </ul>
<b>Which option is right for you?</b>	The Balanced option is designed for members who want their money to produce consistent returns over the longer-term, whilst accepting that there will be some fluctuations.  This is where your savings will be invested if you have not made an investment choice or if your account balance is less than \$1,000.	The Capital Stable option is designed for those who require a stable and low-risk investment. However over the longer-term, the returns from the Capital Stable option may be lower than the other options, because of the low-risk nature of its investments.  As is the case for all of the options, the Capital Stable option is not capital guaranteed. The value of your investment can rise or fall.	The Shares Plus option has been designed for those who are comfortable with a higher level of risk in their investment and who aim for a higher return over the longer-term.	If you want to take maximum control over where your super savings are invested, this may be the option for you. The Super Select option allows you to select the asset class or combination of them that best suits your personal strategy.

## You can change investment options

Provided you have a minimum of \$1,000 in your account, you can change investment options once a month if you wish.

You have one free switch each financial year. Any additional switches in that financial year will incur a \$20 charge. Your future contributions can be redirected, at any time and at no cost. For example, you could switch 100% of your current **HOSTPLUS** super and your ongoing contributions into the Capital Stable option. A month later, you could redirect your ongoing contributions – at no cost – into the Balanced option.

If you transfer other super into **HOSTPLUS**, you can nominate an investment choice for this amount as well (provided there is a minimum of \$1,000 in your account after the transfer).

And because we don't charge complex, percentage-based account keeping fees like many other funds, transferring other super into **HOSTPLUS** also effectively saves you money – the higher your account balance, the greater your savings!

For more information refer to your Member Guide/Product Disclosure Statement or Investment Choice Guide, or call **HOSTPLUS** on **1300 363 895** between 8am and 8pm weekdays.

## Why it pays to combine all your super into **HOSTPLUS**

By having money in more than one super fund your retirement savings may be eaten up by multiple sets of fees.

It's far better to put all your super in **HOSTPLUS**. There are no entry fees and as a profit-for-members fund, we don't charge the types of ongoing complex, percentage-based fees that many other funds do. Instead, you pay the one low administration fee of just \$1 a week, which is among the lowest in Australia, and the higher your account balance, the less the impact these fees will have on your account.

### There's no time like the present

Moving your super to **HOSTPLUS** is easy and everything you need is right here. Just complete the form on page 22, detach and mail in an envelope to **HOSTPLUS** as per the instructions provided. We'll take care of everything!

For more information, call **HOSTPLUS** on **1300 363 895** between 8am and 8pm weekdays.

## How to keep your money working when you retire

After being unable to touch your super for years on end, the prospect of having to "do something" with all that money once you retire can be quite daunting. One option is an allocated pension, such as that offered by Industry Funds Retirement Income Services (IRIS).

The IRIS Allocated Pension provides a flexible, tax-effective way to convert some or all of your super into a regular income stream. You can choose how your money is invested, nominate the size and frequency of your pension payments (within government limits) and convert your pension into a lump sum should your circumstances change.

The remainder of your pension may even be paid to your spouse or dependant(s) in the event of your death.

Like **HOSTPLUS**, IRIS prides itself on low fees, strong, consistent returns and high quality service. There are no entry or exit fees, no commissions paid to financial advisers or **HOSTPLUS** and low ongoing management fees.

For the most recent IRIS performance figures or more information, call **HOSTPLUS** on **1300 363 895** between 8am and 8pm weekdays.

## Top performance by HOSTPLUS

HOSTPLUS has a history of delivering above industry average returns and the most recent year is no exception. HOSTPLUS' Balanced option was ranked number one for investment performance of major Australian multi-employer super funds (including other industry funds and master trusts such as AMP, AXA, BT and MLC) in the balanced option category for the year 2002–2003\*

The Balanced option credited 4.1% compared to the median balanced fund return of -0.1% for the year ended 30 June 2003, which means that HOSTPLUS' Balanced option outperformed the industry average by 4.2 percentage points!

The tables below give a summary of how the various HOSTPLUS investment options have performed for the financial year ended 30 June 2003 and previous years.

### Crediting rates up to 30 June – packaged options

Year	Balanced option	Capital Stable option	Shares Plus option
1999	9.0%	6.4%	11.1%
2000	16.0%	8.9%	17.8%
2001	7.0%	6.4%	5.8%
2002	-0.5%	2.5%	-5.5%
2003	4.1%	6.3%	-0.6%
3 year	3.5% <small>3.5%</small>	5.1% <small>5.1%</small>	-0.2% <small>-0.1%</small>
5 year	7.0% <small>7.1%</small>	6.1% <small>6.1%</small>	5.4% <small>5.7%</small>

A number of our competitors disclose average returns over a defined period on a simple average basis, as opposed to the equivalent compound rate noted above. To allow you to compare like with like, the simple average returns for the packaged options are shown.

— Effective compound rate  
— Simple average rate

### Crediting rates up to 30 June – Super Select option

Year	Australian shares	International shares	Property	Diversified fixed interest	Cash
2002	1.6%	-19.2%	6.9%	4.8%	4.9%
2003	1.8%	-8.7%	9.2%	10.8%	3.9%
2 year	1.7% <small>1.7%</small>	-14.1% <small>-14.0%</small>	8.0% <small>8.1%</small>	7.8% <small>7.9%</small>	4.4% <small>4.4%</small>

Please note that the Super Select option was first offered to members on 1 July 2001.

— Effective compound rate  
— Simple average rate

### The HOSTPLUS Balanced option ranks well against other super funds\*

Period	Crediting rate	Median	Top quartile	Number of super fund options ranked	HOSTPLUS actual ranking	HOSTPLUS quartile ranking
1 year	4.1% <small>4.1%</small>	-0.1%	1.9%	32	1	1st
3 year	3.5% <small>3.5%</small>	1.2%	3.4%	28	6	1st
5 year	7.0% <small>7.1%</small>	4.8%	6.2%	23	3	1st

— Effective compound rate  
— Simple average rate

### Explanation of terms

**Crediting rate** – this is the interest rate applied to your account.

**1st quartile** – this rating is based on a fund's crediting rate and means that it was ranked in the top 25% of all investment options surveyed. HOSTPLUS' Balanced option has been ranked in this top quartile for the past one, three and five years to 30 June 2003.

**Don't forget that past performance is not an indicator of future performance. Returns are volatile and may go up or down, sometimes quickly.**

\* SuperRatings Superannuation Fund Earning Rates, Balanced Options, with asset allocation in growth style assets between 65% and 75% (a balanced investment option), 30 June 2003 and SuperRatings, Final 30 June Crediting Rates for Superannuation Fund Members.

## Where your funds have been invested

	Balanced option asset allocation at 30 June		Capital Stable option asset allocation at 30 June		Shares Plus option asset allocation at 30 June	
	2003	2002	2003	2002	2003	2002
Australian shares	33%	32%	11%	11%	45%	45%
International shares	16%	16%	7%	7%	27%	27%
Property	11%	10%	10%	10%	8%	8%
Diversified fixed interest	24%	31%	46%	46%	10%	10%
Other assets	7%	6%	6%	6%	10%	10%
Cash & capital guaranteed	9%	5%	20%	20%	0%	0%

### Investment expenses

All superannuation funds pay investment fees to investment managers to invest and manage the Fund's assets. These fees are deducted or paid from investment returns before returns are credited to your account.

The investment management expenses for the various options, based on the value of the funds under management in each option, are:

Balanced option:	0.26% per annum
Shares Plus option:	0.32% per annum
Capital Stable option:	0.14% per annum
Super Select option	
Australian shares:	0.31% per annum
International shares:	0.57% per annum
Property:	0.61% per annum
Diversified fixed interest:	0.14% per annum
Cash:	0–0.16% per annum.

These rates reflect the fees charged by the investment managers and may change without notice.

Please note: This fee is NOT charged to your account – returns credited to your account are net of all investment fees.

## For those members really interested...

### Investment market update

The investment market roller coaster continued throughout the financial year ended 30 June 2003.

#### Australian shares performed well against international counterparts

Again, international shares were the worst performer, but this year for different reasons. The 12 month net return of -18% is misleading, as underlying markets only fell by 2.2% in their own currencies. The difference this time was the Australian dollar's strong performance. When a local currency rises, it reduces the return in local dollar terms of overseas markets, as their currencies are worth less locally.

Share markets in Europe were especially weak, and the German stock market was at one stage 70% below its peak seen in early 2000.



The market's low point was the lead up to the war in Iraq. Since then, shares recovered sharply, with the last three months' strong performance most likely stimulated by a combination of:

- cuts in interest rates by most central banks,
- investor belief that the sell off in shares had gone too far in most world share markets,
- the relative low cost of shares, as measured by their dividend yields, when compared to bond yields, and
- some relief that the war in Iraq did not degenerate into another Vietnam for the American forces.

The Australian share market closed the year as one of the best performing markets – down by only 1.6%.

### Property and bonds benefit from those seeking more safety

The two best performing asset classes were property and bonds, which both returned nearly 10% for the year. Bonds benefited by the flight to safety, as investors sought the relative certainty of bonds over the uncertainty of shares. This exceptional return of bonds was due to a combination of income and some capital gains.

### A cautious outlook going forward

The outlook going forward is mixed, with interest rates likely to remain low until the central banks are certain that growth has resumed at a sustainable pace.

Governments are trying to further stimulate growth, but the big risk, both in the USA and in Australia, is that consumers stop spending and start to save again. Although this would be good for the individual consumer, it will have a negative impact on economic activity. With businesses still suffering from overcapacity as a result of overspending during the boom, they are very reluctant to invest in new plants and equipment, and are unlikely to contribute much to economic activity for some time.

Source: JANA Investment Advisers – June 2003

References to specific asset classes in this update refer to the following indices: **international shares** MSCI World (excluding Australia) Accumulation Index (unhedged), **Australian shares** S&P ASX300 Accumulation Index, **fixed interest** UDBWA Composite Index (all Maturities), and **property** Mercer Unlisted Property Index.

## Looking after your super investment

Your super investment is managed by professional investment managers, who follow strict guidelines set by the Trustee. Here's a step-by-step guide to the process.

### 1. Developing the investment strategy

The Directors of HOSTPLUS meet on a regular basis with the Fund's investment adviser, JANA Investment Advisers. JANA assists the Fund in establishing the overall investment strategy and the investment objectives of all the investment options.

### 2. Establishing asset allocations

The Directors of HOSTPLUS meet to determine the Fund's strategic asset allocation. This involves the setting of the allocation between growth and defensive assets for the various investment options. They decide how much to invest in the various asset classes for each of the three investment options. They also set constraints on allocations to investments within each asset class.

### 3. Appointing investment managers

Professional investment managers are selected by the Directors of HOSTPLUS based on a detailed assessment by the investment adviser. Once appointed, the investment managers are given detailed guidelines to follow and invest according to the strategy and risk profile stipulated by the Directors. Within the asset classes, the Directors also determine the mix of investment styles.

### 4. Ongoing review and monitoring of investment managers

The Fund's investments are held by a master custodian, JP Morgan Chase Bank. The performance of the investment managers chosen by the Fund is constantly monitored – in fact a monthly performance report is prepared for the Fund's Directors by the custodian and the investment adviser. The performance of each investment option is also regularly reviewed to ensure that it is achieving the stated investment objectives.

### 5. You benefit from the Fund's crediting rates

Your Annual Statement and page 12 of this report detail the crediting rates for each investment option for the financial year ended 30 June 2003. The quality of HOSTPLUS' investment strategies can be seen in comparison to the general marketplace. The Balanced option for example has returned 4.1%, compared to the median balanced fund return of -0.1% for the last financial year. See page 12 for the details of this comparison.



## Financials

Asset class	Managers	Investment
Australian shares	BEM	\$88 M
	Colonial First State	\$90 M
	Industry Fund Services	\$157 M
	Macquarie Investment Management Limited	\$158 M
	Paradise Cooper Investors	\$33 M
	Perpetual Investments	\$90 M
	UBS Asset Management	\$87 M
International shares	Alliance Bernstein	\$91 M
	Marathon	\$87 M
	Marvin & Palmer	\$86 M
	Vanguard	\$87 M
Australian private shares	Develop Australia Fund II	\$16 M
	Industry Funds Administration Trust	\$2 M
International private shares	Develop Australia Fund Global	\$11 M
	Wilshire	\$5 M
Infrastructure	Develop Australia Fund	\$58 M
	Utilities Trust of Australia	\$41 M
Property	Australian Prime Property Fund – Commercial Unit	\$115 M
	Industry Superannuation Property Trust 1 & 2	\$105 M
	Hotel Leisure Tourism Trust	\$7 M
Diversified fixed interest	Bridgewater	\$132 M
	IFBT	\$14 M
	Macquarie Investment Management Limited (Domestic)	\$170 M
	Macquarie Investment Management Limited (Overseas)	\$41 M
	Members Equity SBL & SMHL	\$79 M
	Vanguard	\$86 M
Cash & capital guaranteed	Bridgewater	\$14 M
	JP Morgan	\$160 M

Statement of financial position at 30 June 2003		
	2003	2002
<b>INVESTMENTS</b>	<b>\$2,134,946,779</b>	<b>\$1,778,213,198</b>
<b>Other assets</b>		
Cash at bank	\$11,361,767	\$9,936,060
Contributions receivable	\$39,325,036	\$35,016,377
Other receivables	\$9,556,740	\$14,220,500
Operating assets	\$704,135	\$865,093
<b>Total other assets</b>	<b>\$60,947,678</b>	<b>\$60,038,030</b>
<b>TOTAL ASSETS</b>	<b>\$2,195,894,457</b>	<b>\$1,838,251,228</b>
<b>LIABILITIES</b>		
Income tax payable	\$14,382,980	\$23,943,826
Provision for deferred income tax	\$2,875,713	\$8,921,274
Accounts payable	\$16,791,273	\$19,623,696
Benefits payable	\$3,184,491	\$2,947,551
<b>Total liabilities</b>	<b>\$37,234,457</b>	<b>\$55,436,347</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	<b>\$2,158,660,000</b>	<b>\$1,782,814,881</b>
<b>Represented by:</b>		
<b>LIABILITY FOR ACCRUED BENEFITS</b>		
Balanced	\$2,109,431,753	\$1,747,941,442
Shares Plus	\$28,245,508	\$25,441,242
Capital Stable	\$6,551,004	\$2,781,604
Super Select		
Australian shares	\$2,044,904	\$715,277
International shares	\$1,577,760	\$914,392
Property	\$1,707,847	\$224,075
Diversified fixed interest	\$2,350,775	\$74,422
Cash	\$1,877,040	\$158,658
Reserves	\$4,873,409	\$4,563,769
<b>TOTAL LIABILITY FOR ACCRUED BENEFITS</b>	<b>\$2,158,660,000</b>	<b>\$1,782,814,881</b>

### Operating statement for the year ended 30 June 2003

	2003	2002
<b>REVENUE FROM ORDINARY ACTIVITIES</b>		
<b>Net investment revenue</b>		
Interest	\$8,417,957	\$18,746,164
Dividends	\$86,608,833	\$43,462,266
Other income	\$62,165	\$33,319
Changes in net market value	(\$5,028,142)	(\$89,387,905)
Direct investment expenses	(\$4,062,585)	(\$4,407,788)
<b>Total net revenue – investments</b>	<b>\$85,998,228</b>	<b>(\$31,553,944)</b>
<b>Contribution revenue</b>		
Employer	\$409,177,254	\$338,549,653
Member	\$10,090,573	\$11,021,084
Transfers from other superannuation funds	\$90,722,077	\$80,448,581
<b>Total revenue – contributions</b>	<b>\$509,989,904</b>	<b>\$430,019,318</b>
<b>Other revenue</b>		
Interest on cash at bank	\$425,118	\$369,160
Profit/loss on sale of operating assets	–	\$5,701
Sundry	\$100,416	\$34,386
Proceeds from reinsurance	\$6,760,450	\$7,416,765
<b>Total revenue – other</b>	<b>\$7,285,984</b>	<b>\$7,826,012</b>
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>	<b>\$603,274,116</b>	<b>\$406,291,386</b>
Less:		
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>		
Superannuation		
Contributions Surcharge	\$604,638	\$416,019
Insurance	\$11,405,576	\$10,988,944
Administration	\$27,739,166	\$23,114,689
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>	<b>\$36,749,380</b>	<b>\$34,519,652</b>
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS BEFORE INCOME TAX</b>		
	<b>\$566,524,736</b>	<b>\$371,771,734</b>
Less:		
Income tax expense	\$60,895,772	\$40,155,324
<b>BENEFITS ACCRUED AS A RESULT OF OPERATIONS</b>	<b>\$505,628,964</b>	<b>\$331,616,410</b>

### Reserves

The Fund maintains an administrative reserve to cover the day-to-day operations of HOSTPLUS.

Year ending 30 June	Reserves	% of members' funds
2001	\$26,456,172	1.7%
2002	\$4,563,769	0.3%
2003	\$4,873,409	0.2%

### Our investments include:

- Burswood Limited
- Fosters Brewing Group Limited
- Grand Hotel Group
- General Property Trust
- Jupiters Limited
- Lion Nathan Limited
- Mirvac Group
- Qantas Airways Limited
- Stockland Trust Group
- Spotless Group Limited
- Southcorp Limited
- TAB Limited
- Tabcorp Holdings Limited
- Thakral Holdings Limited
- Westfield Trust
- Hotel Leisure Tourism Trust Australia

## Important information about your super

### When can you access your superannuation savings?

Some, if not all of your super will be "preserved" and must be kept in an approved superannuation account until you reach a certain age and have permanently retired from the workforce. Depending on your date of birth, your preservation age varies:

Date of birth	Preservation age
Before July 1960	55
July 1960 – June 1961	56
July 1961 – June 1962	57
July 1962 – June 1963	58
July 1963 – June 1964	59
After June 1964	60

## Are all contributions preserved?

Generally, contributions made by your employer, and interest earned on all amounts, must be preserved. Until 30 June 1999, your own (personal) contributions were not usually preserved. However personal contributions made from 1 July 1999 are preserved. Any amounts that were non-preserved at 1 July 1999 will remain non-preserved, but the interest earned will be preserved. The table below provides a summary. Your annual HOSTPLUS statement will show the preserved and non-preserved components of your account.

## Personal contributions made after 1 July 1999 are usually preserved

	Up to 30 June 1999	Since 1 July 1999
Employer contributions	Preserved	Preserved
Personal contributions	Non-preserved	
Interest earned on personal contributions	Non-preserved	
Interest earned on all other contributions	Preserved	

## Can you access your superannuation in other situations?

You can apply to access your superannuation before you retire under certain conditions, including:

- once you reach the age of 65, even if you are still working,
- in cases of severe financial hardship (as defined by government regulations),
- on compassionate grounds,
- death, or
- total and permanent disablement.

Please call HOSTPLUS on 1300 363 895 for more information.

## Eligible Rollover Fund

If your account balance is less than \$400 (subject to change) and we have not received contributions for you for more than 18 months, we may transfer your account balance to our nominated Eligible Rollover Fund (ERF), AUSfund, Australia's Unclaimed Super Fund (formerly known as the Australian Preservation Fund). Your account in AUSfund will continue to accumulate interest and you may access your benefit, subject to the usual preservation rules. Under the rules of AUSfund, fees will not exceed any interest credited.

If you need to, you can write to or call AUSfund at:

PO Box 2468  
Kent Town SA 5071  
Phone: 1300 361 798

## Unclaimed money

HOSTPLUS wants to keep in touch with you and makes every effort to do so. However, if you reach Age Pension qualifying age and are eligible for payment of a benefit, but we cannot find you, then your investment becomes unclaimed money and must be paid to the relevant state authority. HOSTPLUS is required to pay all unclaimed money to the Victorian Department of Treasury and Finance every six months.

You can enquire about unclaimed benefits by contacting:

Registrar of Unclaimed Moneys  
Victorian Department of Treasury and Finance  
1 Treasury Place  
Melbourne VIC 3002  
Phone: (03) 9667 6444  
Website: [www.statetrustees.com.au](http://www.statetrustees.com.au)

## Lost members

The Australian Taxation Office (ATO) has established a "lost member register". This register contains details of the super accounts for members that funds cannot locate and certain members for whom contributions have ceased. All superannuation funds report and transfer the accounts of "lost members" to the ATO twice a year.

You are classified as "lost" if no contributions or rollovers have been received for you during the past two years and we have lost contact with you.

If you think a fund may have lost contact with you, you can check with the ATO to see if you are registered as a "lost member." If you have inactive accounts in any other fund or ERF, you may consolidate them into your HOSTPLUS account. You can make enquiries at the ATO if you have lost contact with a fund and think you may be entitled to a benefit. Simply phone 13 10 20 or visit the ATO website at [www.ato.gov.au](http://www.ato.gov.au) and use "Super Seeker", the ATO's new online tool to search for lost super.

## Transfer of monies back to HOSTPLUS

As a service to members of HOSTPLUS, the Fund conducts database searches in conjunction with AUSfund to locate account balances that may have been transferred to AUSfund due to inactivity (see Eligible Rollover Fund).

A person who reactivates their HOSTPLUS membership (ie. after returning to the workforce after a break from employment) and whose old account balance has been transferred to AUSfund can be identified through database searches, and their money in AUSfund can then be transferred back to HOSTPLUS.

In addition, the Fund will utilise your membership details to search for and retrieve lost or unclaimed money held on your behalf by the ATO and other government organisations.

There is no charge for either of these services and you will receive notification if money is recovered on your behalf.



## Regulatory update

The Federal Government has introduced a range of superannuation changes in the financial year ended 30 June 2003.

### Superannuation Guarantee

On 1 July 2002, employers' Superannuation Guarantee (SG) payments increased to 9% (8% previously) of an eligible employee's earnings.

Also, from 1 July 2003, employers must make these SG payments on at least a quarterly basis. As a result of this change, employers are now required to report details of SG payments to their employees in writing within 30 days of making the final contribution for the quarter.

This report can be by letter, e-mail or payslip (provided the contribution has been remitted to the super fund prior to the payslip being handed to the employee) and should include:

- the contribution amount made,
- the name of the super fund which received the contribution (and where possible their contact details), and
- the employee's account or membership number (if known).

### Choice of funds

The Federal Government has for the second time tried to introduce choice of superannuation funds, where employees (rather than the employer) choose the super arrangement that best suits their needs.

The commencement date for the new regime is proposed for 1 July 2004. However, as debate in the House of Representatives on the amended Choice of Funds Bill is set to commence in late August 2003, it again may be unsuccessful.

### Portability of super

The Federal Government has passed regulations on portability of super benefits so members can transfer benefits between funds while still in the service of an employer. The main aim is to reduce multiple accounts and the number of inactive or lost accounts.

The commencement date of the portability measures is set for 1 July 2004 but at the date of publication, the regulations are still not law.

### Temporary residents' access to superannuation

From 1 July 2002 people who entered Australia on an eligible temporary resident visa and who later permanently leave Australia can claim any superannuation they have accumulated. The payment will be subject to withholding tax.

If the amount of super is less than \$200 the money may be able to be accessed under existing preservation rules. For amounts between \$200 and \$5,000, members can send their super fund a copy of a visa showing that they held an eligible temporary resident visa that has expired or has been cancelled as well as a copy of their passport showing a departure stamp, together with an application form (*Request for Departing Australia Superannuation Payment – Temporary Resident* – available from the Department of Immigration and Multicultural Affairs (DIMA)).

If the amount is \$5,000 or more, then the super fund must receive a written statement from DIMA that the holder has an eligible temporary resident visa which has expired or been cancelled and that they have permanently departed Australia.

Further information can be obtained from the DIMA website: [www.immi.gov.au](http://www.immi.gov.au) or the Australian Taxation Office (ATO) website: [www.ato.gov.au](http://www.ato.gov.au) or call the ATO on 13 10 20.

## Super can now be split upon divorce

From 28 December 2002, Family Law legislation allows for superannuation benefits to be considered as marital property. This means that super entitlements can be divided upon marriage breakdown. Couples can enter agreements (called "superannuation agreements"), either before or during marriage or after separation, about how super interests are to be split. If they can't agree, the Family Court can make an order to split a super interest upon marriage breakdown.

The new laws only apply to married couples. They do not apply to individuals who are in de facto or same sex relationships. Also, super benefits below \$5,000 cannot be split.

The new legislation allows for the following activities:

- Request for information – an eligible person may make an application to the super fund (with a declaration stating they have a genuine need for the information) to obtain details of the value of the account at specified times. **HOSTPLUS** charges a fee of \$71.75 (includes GST) for supplying the requested information.
- Payment flag by agreement or order – a member's account can be "flagged" which means the super fund is prohibited from making payments out of the account until the flag is removed or lifted. The account can be flagged by an agreement between the couple or by court order. These are mostly used when the member is near retirement and the account is about to be released or paid.
- Splitting order or agreement – this allows the member's super to be allocated to the non-member spouse upon receipt of an agreement or court order. The non-member spouse is then entitled to that amount together with any interest earned, when the super benefit is paid. With their allocated portion, the non-member spouse may decide to set up a new account with the same super fund, roll the money into a new fund or receive a single lump sum payment (if conditions of release have been satisfied). **HOSTPLUS** charges a fee of \$55.35 (includes GST) for executing a payment split.

For more information, please call us on **1300 363 895**.

## Important information about **HOSTPLUS**

### Board changes

On 13 August 2003, the Australian Prudential Regulation Authority (APRA) re-approved **HOSTPLUS** Pty Ltd ABN 79 008 634 704 as Trustee of **HOSTPLUS**, following its suspension as Trustee of the Fund on 6 March 2003. APRA appointed Ernst & Young Superannuation Nominees No. 1 Pty Ltd ACN 093 319 307 as acting trustee of **HOSTPLUS** during the period of suspension.

During the period of suspension, **HOSTPLUS** was managed by the acting trustee whose Directors are partners in Ernst & Young. Accordingly, there was no employer or employee representation on the board of the acting Trustee during this period.

The suspension of the Trustee was a consequence of a long-running boardroom stalemate resulting in six of the 12 Directors of the previous Board of Directors of the Trustee resigning on 3 March 2003. The stalemate has now been resolved and the Trustee's constitution has been amended so that the board now comprises three member-representative Directors, three employer-representative Directors and three independent Directors, with a mechanism to prevent any future deadlocks.

Seven new Directors have been appointed to the Board of Directors of the Trustee, including the three independent directors. The Board now comprises a total of nine Directors, three appointed by the Australian Liquor, Hospitality and Miscellaneous Workers Union (LHMU) to represent employee members of the Fund, three appointed by the Australian Hotels Association (AHA) to represent participating employers and three Independent Directors, as defined in the Superannuation Industry (Supervision) Act. The Chairperson of the Board must be one of the Independent Directors and is appointed by the Directors.

Directors' business is conducted by a quorum of any five of the directors and decided by a simple majority of Directors present at the meeting.

There are clear rules for the replacement of Directors. The three independent Directors are selected jointly by the LHMU and the AHA and, in default of agreement, by an independent Selection Committee.

The Selection Committee comprises five individuals, one nominated by each of the LHMU and the AHA, two nominated by the Australian Institute of Superannuation Trustees and one nominated by the President of the Law Institute of Victoria.

1 July 2002 to 3 March 2003	6 March 2003 to 13 August 2003	13 August 2003 onwards
<p><b>Employer representative Directors</b></p> <ul style="list-style-type: none"> <li>• Michael Capezio</li> <li>• Kevin Burke</li> <li>• John Hudson</li> <li>• Richard Mulcahy</li> <li>• Brian Oates</li> <li>• Michael Strickland</li> </ul> <p><b>Employee representative Directors</b></p> <ul style="list-style-type: none"> <li>• Linda Rubinstein</li> <li>• Jeff Carr</li> <li>• Stuart Coutts (resigned 28/2/02)</li> <li>• Brian Daley</li> <li>• Susan McGrath (resigned 4/8/02)</li> <li>• Shirley Mellor</li> <li>• Tim Ferrari (appointed 4/8/02)</li> <li>• Mark Boyd (appointed 28/2/02)</li> </ul>	<ul style="list-style-type: none"> <li>• HOSTPLUS is managed by the acting trustee Ernst &amp; Young Superannuation Nominees No. 1 Pty Ltd, whose Directors are partners in Ernst &amp; Young</li> <li>• Accordingly, there was no employer or employee representation on the board of the acting trustee during this period</li> </ul>	<p><b>Independent Directors</b></p> <ul style="list-style-type: none"> <li>• Michael Keogh – Chairperson</li> <li>• John Burge</li> <li>• Barry Watchorn</li> </ul> <p><b>Employee representative Directors</b></p> <ul style="list-style-type: none"> <li>• Brian Daley – Deputy Chairperson</li> <li>• Tim Ferrari</li> <li>• Robyn Buckler</li> </ul> <p><b>Employer representative Directors</b></p> <ul style="list-style-type: none"> <li>• John Nicholson – Deputy Chairperson</li> <li>• Mark Robertson</li> <li>• John Thorpe</li> </ul>
<ul style="list-style-type: none"> <li>• Board stalemate leading to the Employer representative Directors resigning</li> </ul>	<ul style="list-style-type: none"> <li>• APRA suspends HOSTPLUS as Trustee and appoints Ernst &amp; Young as acting trustee of HOSTPLUS</li> <li>• Suspension period</li> </ul>	<ul style="list-style-type: none"> <li>• APRA re-approves HOSTPLUS Pty Ltd as Trustee of HOSTPLUS</li> <li>• Board now comprises three independent Directors, three Employer representative and three employee representative Directors</li> </ul>

## Trustee insurance

The HOSTPLUS Trustee had previously entered into a trustee liability and trustee fidelity insurance policy with Chubb Insurance Company of Australia Limited (the insurer). Due to the appointment of the acting trustee on 6 March 2003, the insurer has taken the position that the trustee liability insurance coverage under the policy continued only with respect to claims for wrongful acts occurring prior to the acting trustee's appointment.

The HOSTPLUS Trustee has received independent legal advice that insurance cover remained fully in place for the financial year ended 30 June 2003. The position remains unresolved at the time of printing.

## Audit

The annual audit has been completed and the auditor has issued an unqualified opinion on the HOSTPLUS financial statements. The audited financial statements and auditor's report are available upon request.

## Fund documentation

If you would like to view a copy of the HOSTPLUS Trust Deed or any other fund documentation, please call **1300 363 895**.

## Confirmation of transactions on your HOSTPLUS account

Certain transactions, like rollovers and transfers, are confirmed in writing with you directly when they occur. Other transactions, such as contributions, can be confirmed by calling HOSTPLUS on **1300 363 895**. Once you have registered and received your PIN you may also confirm transactions by accessing your account via our website – [www.hostplus.com.au](http://www.hostplus.com.au) – or by telephone using our automated PhoneAccess system.

## Interest credited to your account

HOSTPLUS calculates interest daily and allocates it annually to your account (at 30 June). We may also calculate and allocate interest in other situations, such as at the point you retire and we pay you your superannuation benefit or when you rollover your HOSTPLUS account into another super fund.



## Derivatives

The Fund permits the use of derivatives to manage risk and enhance returns.

Derivatives are financial instruments linked to the future purchase or sale of securities such as shares, and other assets. They are known as derivatives because they “derive” their value from that of the underlying security.

Derivatives will only be utilised where such use is consistent with:

- the investment strategy adopted for that portion of the Fund managed by the relevant manager,
- the investment powers of the Fund, and
- the strategy as agreed between the Fund and the respective investment managers.

## Interest on accounts

Please note that the Trustee is entitled to retain any interest earned on any monies paid to the Fund that are later required to be returned, eg. refunds due to overpayments or those payments made in error to the Trustee.

## Payment of surcharge

If applicable, the superannuation contributions surcharge is deducted from members’ accounts at 30 June each year.

## HOSTPLUS’ professional partners

HOSTPLUS works closely with the following professional organisations to achieve our investment and administration objectives effectively and cost-efficiently:

Administrator	Superpartners Pty Ltd
Investment Adviser	JANA Investment Advisers
Insurer	ING Australia (from 1 July 2003) AXA Australia (to 30 June 2003)
Auditor	PricewaterhouseCoopers
Legal Adviser	Deacons
Tax Adviser	KPMG
Master Custodian	JP Morgan Chase Bank

## Your privacy is important to us

HOSTPLUS operates under stringent privacy guidelines and takes every step possible to protect your privacy. Our privacy guidelines can be viewed on our website at [www.hostplus.com.au](http://www.hostplus.com.au) or you can obtain a copy by calling HOSTPLUS on 1300 363 895.

## Enquiries and complaints

If you have an enquiry or complaint, call HOSTPLUS on 1300 363 895. We’ll do everything in our power to deal with your query promptly and courteously.

If you are not happy with how your query is handled then we want to know. Please call us or write to:

Complaints Officer  
HOSTPLUS  
Locked Bag 999  
Carlton South VIC 3053

The HOSTPLUS Trustee aims to resolve all complaints within 90 days of receipt. However, if you are not satisfied with either the way HOSTPLUS handles your complaint or its resolution, you may contact the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body set up by the Commonwealth Government to assist in resolving certain types of complaints. You can contact the Tribunal by phoning 13 14 34 for the cost of a local call.





# Member's Authorisation to Rollover Superannuation to HOSTPLUS



This form must be completed in full. Please use BLOCK letters.

## Step 1 Provide your personal details

Fund membership number

SPIN PIC CODE

HOS0100AU

Address

State

Postcode

Given name/s

Family name

Date of birth

DD / MM / YY

## Step 2 Provide the details of your old fund

Name of old fund

Old fund membership number

Address of old fund (if known)

State

Postcode

Phone number of old fund (if known)

The approximate value of my benefit with this old fund is:

Please make cheques payable to 'HOSTPLUS'.

## Step 3 Sign the declaration

I authorise the rollover of my benefits from my old fund to HOSTPLUS. I hereby declare that, to the best of my knowledge, the information I have provided above is true and correct in every particular, and that I understand the information given on this form. I have read the privacy policy and hereby consent to the collection, use, storage and disclosure of my personal information as described therein.

In giving my authorisation to rollover my benefits, I understand that:

- the trustee of my previous fund is discharged from any further liability in respect of any amount once benefits have been rolled over and a final statement has been issued by the old fund,
- the trustee of my previous fund may charge exit fees, there may be penalties and/or any insurance cover with them may be impacted,
- both superannuation funds are regulated funds under Commonwealth Government legislation,
- in certain cases my new fund may be required under law to deduct tax from the untaxed portion, if any, of the Eligible Termination Payment,
- rollovers between funds are done on at least a quarterly basis provided there is no further waiting period set down by the old fund,
- subject to legislative restrictions, I am aware of and approve the deduction of transfer fees (if any) from the benefits rolled over, and
- any insurance benefits under my old fund may be cancelled.

Signature of member

Date

DD / MM / YY

The information requested on this form is required in order for us to carry out your instructions to rollover your superannuation to us. We will provide this information to our Administrator and to your old fund. If you do not provide us with this information we may not be able to effect your rollover instructions. Your personal information will not be used or disclosed for any other purpose without your consent, except where required by law. You are able to gain access to this information.

**Postal address**

Locked Bag 999  
Carlton South VIC 3053

**VIC**

Level 2, Casselden Place  
2 Lonsdale St  
Melbourne VIC 3000

**SA/NT**

Level 2, 104 Frome Street  
Adelaide SA 5000

**QLD**

Level 11, 120 Edward Street  
Brisbane QLD 4000

**WA**

Level 2, 88 Colin Street  
West Perth WA 6005

**ACT**

Unit 6, Ground Floor  
33 Allara Street  
Canberra ACT 2601

**NSW**

Level 3, 220 George Street  
Sydney NSW 2000

**TAS**

Level 2, 119 Macquarie Street  
Hobart TAS 7000

**Phone**

1300 363 895

**Fax**

1300 364 227

**E-mail**

[info@mail.hostplus.com.au](mailto:info@mail.hostplus.com.au)

**Website**

[www.hostplus.com.au](http://www.hostplus.com.au)

HOSTPLUS Pty Ltd ABN 79 008 634 704 Approved Trustee: Dealer's License No. 179172

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You should obtain a copy of the HOSTPLUS Product Disclosure Statement and consider the information contained in the Statement before making any decision about whether to acquire an interest in HOSTPLUS.

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