

## INVESTMENT UPDATE

### INVESTMENT PERFORMANCE TO 30 APRIL 2009

The Australian share market finished the April period on a positive note, producing a solid 14.2% return in the last two months. Investors were encouraged by similar gains across international share markets as further policy measures from central banks and governments encouraged a return of some confidence in the financial system.

International share markets showed a similar performance pattern to Australia with the early falls in January and February too strong to be offset by the March & April rebound. The index for the 10 month period declined by 14.9%.

Listed property trusts continued to fall sharply, with the Australian property trusts returning -47.1% in the 10 month period.

The Australian fixed interest sector produced a modest return of 0.1% for March and April, with bond yields rising over fears of a significant increase in the supply of government bonds.

The Reserve Bank of Australia cut interest rates by 0.25% to 3% in April.

While the gains in March and April are encouraging and risk appetite appears to be improving, share market sentiment remains vulnerable to any bad news.

### HOW DOES THE FUND COMPARE?

The Fund continues to deliver competitive investment returns for accumulation and pension members, with its investment performance performing better than the market average of growth managers to 30 April 2009.

	Fund	Pension Cash	Pension Growth	Median Manager
10 months	-14.4%	4.7%	-14.7%	-16.1%

### HOW IS THE FUND POSITIONED?

There is no doubt the global financial crisis has had a major impact on superannuation funds and the Coal Industry Superannuation Fund is no exception. The Board has closely monitored the Fund's financial position to ensure it remains within regulatory requirements.

To date the Fund has remained in a sound financial position. However, should investment markets deteriorate significantly in the future the Board would need to consider a range of measures to preserve the Fund's position.



## BUDGET REVIEW

The Board was disappointed at the recent budget announcements affecting superannuation and has expressed this to the industries advisory body, the Association of Superannuation Funds of Australia (ASFA) to enable feedback to the Federal Government.

An overview of the budget changes to superannuation is detailed below:

### Contribution Caps

The major change to contribution caps include a reduction in concessional contribution caps (employer and salary sacrifice contributions) from \$50,000 to \$25,000 if you are under the age of 50, if you are over the age of 50, a reduction from \$100,000 to \$50,000 will come into effect from 1 July 2009 until 30 June 2012, after this time it will be reduced to \$25,000.

Basically this means any employer and salary sacrifice contributions received by a fund(s) over and above these caps will be taxed at 31.5% plus the 15% contributions tax totalling 46.5%.

For example:

Employer contribution to CISF = 8.4% x benchmark amount (\$48,983)	= \$4,114.57 pa
Award Superannuation (9% Employer contribution)	= \$5,900.00 pa
Salary Sacrifice to all superannuation funds (CISF, Westscheme, AMP)	= \$18,500.00 pa
<b>Total Concessional Contributions to Superannuation</b>	<b>= \$28,514.57 pa</b>

In the above example concessional contributions exceed the limit of \$25,000 pa, so salary sacrifice contributions for a member under the age of 50 would need to be reduced to bring the total to \$25,000 or under or the additional tax of \$1,634.28 would apply.

**Note: Employers contribute 8.5% of the benchmark salary however the Fund is only required to report the equivalent of 8.4% to Australian Taxation Office as employer contributions.**

Non concessional or after tax contribution caps will be retained at \$150,000 for 2009-2010.

### Co-contributions

A temporary reduction in the superannuation co-contribution matching rate for the next 5 years has also been announced. Effective from 2009/2010 financial year the maximum co-contribution payable by the government will be \$1,000. This gradually increases to back to the \$1,500 in the 2014/2015 financial year. For more information please contact the Administration Manager.

### Account Based Pensions

Account based pensions will continue to receive drawdown relief for the 2009/2010 financial year. That is, the minimum drawdown amounts will be 50% of the rate specified in the minimum pension payment limits.

### Child Support Payments

The Child Support Agency (CSA) is working with the Australian Taxation Office (ATO) to automatically add salary sacrificed amounts to income for child support purposes. If you are currently making child support payments you may need to seek clarification from CSA and your employer as to the impact this will have on your payments and income.

## SUPER QUERIES

If you wish to ask any questions about your superannuation or obtain a projection of benefits you may make an appointment to see Gary Peirce in Collie. You may either phone, fax or email him at the following to make an appointment or alternatively contact the Miners Union Office:

### Coal Industry Superannuation Fund

Phone: 08 9388 1840    Fax: 08 9388 3545    Email: [cisb@bigpond.com](mailto:cisb@bigpond.com)    Web: [www.cisf.com.au](http://www.cisf.com.au)

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Past investment performance is no guarantee of future investment performance. Investment markets can be volatile.