

UniSuper Update

A report prepared by UniSuper's CEO for the Consultative Committee (22 December 2008)

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Update on the Defined Benefit Division (DBD)

As mentioned during the Consultative Committee meeting, in November 2008 UniSuper wrote to all members of its Defined Benefit Division. This was designed as a proactive information campaign to update members on the financial health of the DBD.

The letter communicated the financial status of the DBD, evidenced by the Vested Benefit Index (VBI) and Accrued Benefits Index (ABI), and stressed its ongoing financial viability. It also made the point that the DBD continues to be supported by universities and other participating employees and has performed well. A copy of the letter was provided at the Consultative Committee meeting.

This was also supported by a dedicated online microsite (www.unisuper.com.au/DBDupdate). This website will be updated in early January to include estimated information on the VBI/ ABI at 31 December.

The DBD microsite has achieved a great response from members, with more than 800 members visiting the site in the two weeks following the mailing.

Importantly, the UniSuper Helpline contact centre has experienced no unusual rise in enquiries regarding the DBD. Of those who did call to respond, most offered positive feedback on the Fund's proactive approach. Naturally, quite a few members sought further explanation on the details in the letter and were provided with specific responses.

Communicating the effect of market volatility on Accumulation and Pension accounts

On 27 November, a special web-cast presentation was published on the UniSuper website. The topic was investment markets and the volatility experienced since July 2008. It featured Terry McCredde as the speaker, directly addressing the implications of the global financial crisis on the superannuation benefits of many UniSuper members.

In addition to relying on our own communication channels direct to members, on this occasion the Communications team contacted all shareholder universities and Superannuation Officers to make them aware of the video. We encouraged them to place links on their internal intranets and to use internal communication channels to increase awareness of the special webcast presentation.

At 17 December, the webcast had received more than 1,600 hits, a very positive response. To access the online presentation, please visit www.unisuper.com.au/investmentnews.

Member benefit statements

By the close of the calendar year, 99.8% of UniSuper members will have received their Benefit Statement for the period 1 January 2008 to 30 June 2008. The vast majority were received in September and October.

Unfortunately there remain 588 accounts that continue to experience ongoing delays caused either by issues related to data integrity or internal account-keeping processes. These members are expected to receive their statements early in the New Year and will be contacted by mail to explain the delay.

Planning for the release of Member benefit statements for the six months to 31 December is already well advanced and Management anticipates having a number of the issues encountered in the previous mailing resolved.

Changes to the Trust Deed

As you will recall from the meeting in November, the authority was granted by the Consultative Committee to amend the UniSuper Trust Deed to recognise the then-imminent passage of legislation through the Federal parliament relating to the topic of same-sex discrimination.

We can confirm that the *Same-Sex Relationships (Equal treatment in Commonwealth Laws – Superannuation) Act 2008* received has now been passed by Federal Parliament and Royal Assent on 4 December 2008.

The Act specifically eliminates discrimination against same-sex couples and the children of same-sex relationships across a number of Acts that provide for reversionary superannuation benefits upon the death of a member and in related taxation treatment of superannuation benefits.

A draft of amendments to the UniSuper Trust Deed has been prepared and is currently being examined by both the Fund's actuarial and legal firms. At this stage it is expected that the proposed amendments will be circulated to the Consultative Committee in February 2009.

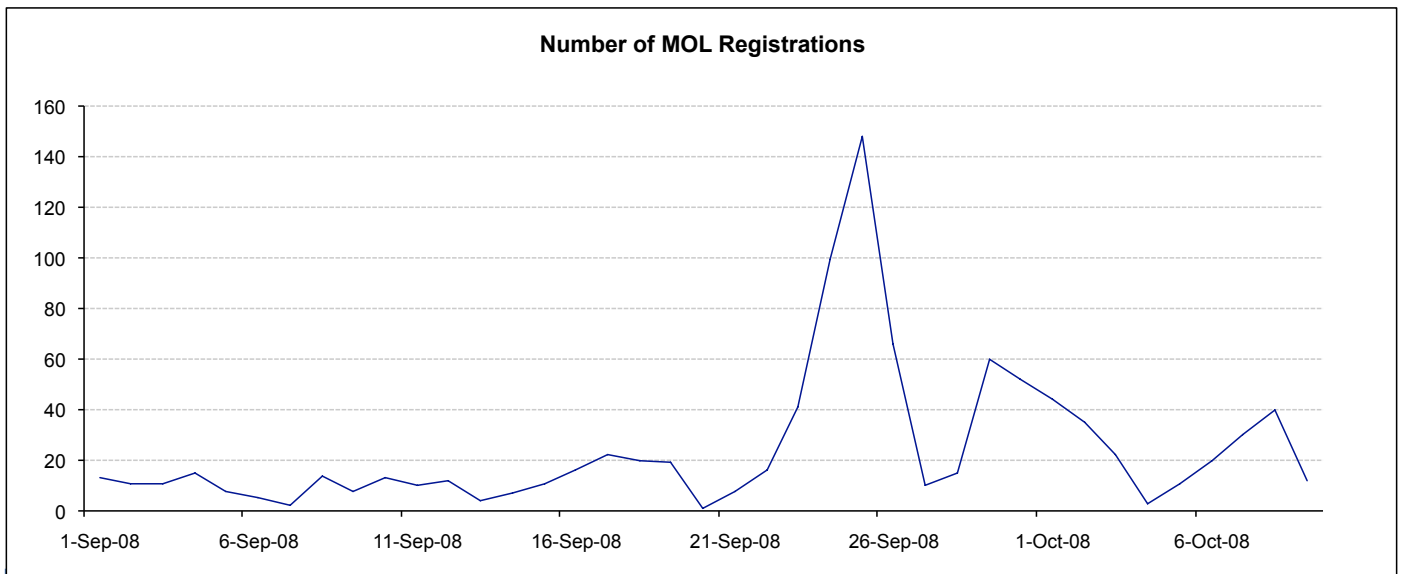
Engaging members with their super

Throughout 2008, UniSuper Management continued to make efforts to educate and engage UniSuper members about their super. As well as addressing concerns about the investment markets, targeted communications were undertaken to promote the advantage to members of the Government co-contribution scheme and the tax benefits of making voluntary contributions. Further, different member segments were encouraged to register for MemberOnline, to reactivate dormant accounts and to prepare for retirement by taking a closer look at UniSuper's range of pension options.

Although some campaigns were only recently despatched, overall there has been a positive response to campaign activity run throughout the year.

Some of the highlights were:

- a 14.4% response rate among the 37,000 members affected by a change to investment fees for those who 'self-select' more than one investment option
- a 9.3% response from the 25,000 members who received a co-contributions direct marketing campaign
- a 14.3% positive response to an electronic email campaign encouraging members to register with MemberOnline and to read the online version of the 2007/08 Annual report to members (the graph overleaf shows the significant spike in MemberOnline registrations as a result of this campaign).



Financial Planning Update

In 2009 as foreshadowed at the November Committee meeting, UniSuper is looking forward to expanding its service offering to members to include full-service financial planning. To date, the Board has approved initial funding and implementation of the first stages towards establishing this new member service is underway.

We will keep you updated on progress of this important project as it unfolds over the coming months.

Once again, I would like to thank all Consultative Committee members for their ongoing contribution to UniSuper. I look forward to working closely with the Committee in 2009 and am optimistic we can together continue providing an outstanding value proposition to members.

Yours sincerely

Terry McCredden

Chief Executive Officer



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