

Important message for AUSCOAL Super members

- From 1 July 2010 your account balance will be calculated using daily unit prices rather than weekly crediting rates.
- The introduction of unit pricing will not affect your entitlements with AUSCOAL Super.
- You will still see your account balance and any investment earnings in dollars and cents.
- Unit prices will be calculated daily but members will still see weekly investment option returns.
- To help you understand how unitisation will work and what it will mean for members, we have prepared this notice. If you have any questions please call us on 1300 AUSCOAL (1300 287 262), Monday to Friday, 8am to 6pm.

What will change?

From 1 July 2010, we are valuing your account using daily unit prices rather than weekly crediting rates. Each investment option will be divided into units and each unit will have an initial unit price of one dollar. The unit price for each investment option will be calculated daily taking into account asset values, investment income and transaction costs. In the same way as crediting rates do, unit prices may move up or down depending on investment returns.

Previously, the value of your account was calculated each week using a weekly crediting rate. The weekly crediting rate for each investment option reflected the change in value of the assets each option invested in over that week. A positive weekly crediting rate meant the assets increased in value over the week, while a negative weekly crediting rate meant the assets lost value over the week.

How will we value your account?

Your account will be valued using the daily unit price for the investment option/s you're invested in. The way we value the assets the investment options are invested in will not change. Our move to daily unit pricing allows you to see a more up to date account balance, which you can see at any time by logging into our secure member website at www.auscoalsuper.com.au

Why are we making the change?

- **Up to date account values** – Unit pricing allows you to see a more up to date account balance.
- **Best practice** – Unit pricing is the most common method used by super funds to value members' accounts.
- **Greater fairness** – Daily unit pricing will mean greater fairness to all members than with the current weekly crediting rate system.
- **Integration with our new administration system** – We are moving to a new improved and more efficient administration system on 1 July 2010. This system uses unit prices to administer member accounts.

Will there be an increase to fees and charges?

No. While there will be more administrative work to produce a daily unit price, the majority of it will be automated as part of the new administration system.

*unit pricing allows you to see a
more up-to-date account
balance when you log onto
www.auscoalsuper.com.au*



Important message (continued)

What is unit pricing?

When you invest in any of the Fund's investment options your money is placed in a pool of investments along with the money from every other member who has chosen that investment option.

From the date of change, each investment option is divided into units and every unit you are allocated in that investment pool represents your share of that investment option.

Each unit has a 'price' that is determined based on the valuation of the assets in the investment option and an allowance for tax and fees all divided by the number of units on issue for the investment option. Unit prices can move up and down as the value of the assets or the allowance for tax and fees in the investment option change.

How does unit pricing work?

At the end of each day, we calculate the value of the assets in each one of our investment options. We then deduct fees, such as investment manager fees and tax to calculate a 'net asset value' for each investment option.

The net asset value of each investment option is then divided by the number of units that have been issued for that investment option. This leaves the unit price.

The unit price for each investment option and your account value will be updated daily. All unit pricing practices will be in accordance with the AUSCOAL Superannuation Fund unit pricing policies and procedures.

Calculating the value of your account on 1 July 2010

When we move to this new method on 1 July 2010, each unit will be worth one dollar and you will be allocated one unit for each dollar in your account. Part units will also be issued down to 1/100th of a cent.

How do unit prices work on your account?

- **Calculating the value of your account** – Using a daily unit price to calculate the value of your account is similar to the way you calculate the value of shares you own on the share market. Each day, the number of units allocated to your account is multiplied by the daily unit price to get the value of your account.

- **Making payments** – Every time you pay money into your account you are allocated units. The number of units you are allocated is based on the unit price on the day you make the payment. For example, if you pay \$50 into your account and the unit price is \$1, you are allocated 50 units. These units are then added to the total units allocated to your account.
- **Cashing in your super** – When you cash in money, we deduct units allocated to your account. The amount we deduct is based on the unit price on the day you do the withdrawal. For example, if you cash in \$1,000 and the unit price is \$1 the number of units deducted from your account will be 1,000 units. This method is also used to pay your weekly administration fee and any insurance costs.
- **Changing investment options** – When you change investment options (called a 'switch'), you are selling units in one investment option and buying units in another. For example, you switch 100 units from the AUSCOAL Balanced investment option at a unit price of \$1 to the AUSCOAL Growth investment option at a unit price of \$1.10. You are therefore switching \$100 (100 units x \$1.00) from AUSCOAL Balanced which would buy 90.91 units in AUSCOAL Growth (100 units divided by \$1.10).

Will the unit price for super and pension investment options be different?

Yes. This is because the super investment options are taxed at 15% and pension investment options are not taxed, as was the case with weekly crediting rates.

Are there any additional details you should be aware of?

- **Unit pricing is based on a more detailed process and requires more time to administer** – We have carefully considered any risks arising from this and will implement policies and procedures to reduce these.
- **Perceived fluctuations in account values** – Given you will have a daily value rather than a weekly one, it could appear that the value of your account fluctuates more than it did using weekly crediting rates. This is not the case. We will continue to provide weekly returns so you can easily compare returns before and after 1 July 2010.

➔ More information

You can find investment options returns, including weekly returns, on our website www.auscoalsuper.com.au. On the front page select the Investments tab and then Investment options returns.

If you have any questions, our Service Officers are here to help, Monday to Friday, 8am to 6pm. Give them a call on toll free **1300 AUSCOAL (1300 287 262)**. You can also email us at enquiries@auscoal.com.au or visit our website www.auscoalsuper.com.au



TOLL FREE: 1300 AUSCOAL (1300 287 262)

Fax us: 02 4948 6955

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Visit us: www.auscoalsuper.com.au

Life's easier with AUSCOAL Super