



SUNsuper

Sunsuper Pty Ltd

ABN 88 010 720 840

Licensed Securities Dealer

30 Little Cribb Street Milton Qld 4064

PO Box 1896 Milton Qld 4064

Telephone 07 3016 7782

Facsimile 07 3016 7786

Richard Cooper

Manager, Corporate Business

10th September 2002

Private & Confidential

Ms. Sue Morton,

Secretary

The Senate Select Committee on Superannuation

Parliament House

CANBERRA ACT 2600

Dear Sue,

Enquiry into Superannuation

'Choice of Fund' and Superannuation Guarantee Contributions

Further to our letter of 20th August 2002 and our subsequent discussion, I am now pleased to enclose updates of the graphs provided with our previous letter, illustrating the effect of the different forms of fees presently applying in the superannuation market to the accrual of members benefits.

The new graphs are unchanged from those provided previously, except that we have incorporated a summary of the basic assumptions built into the underlying calculations and that in both illustrations, we have assumed that the member has an initial account balance of \$100,000.

I will forward to you a soft copy of the graphs and the underlying spreadsheet that can be changed to reflect different member assumptions – ages, contributions and initial account balances. Our Actuary, Mr Ralph Collins, who built the spreadsheet, will be pleased to assist in explaining the use of the spreadsheet to reflect different scenarios. He can be contacted on 07 3016 7793.

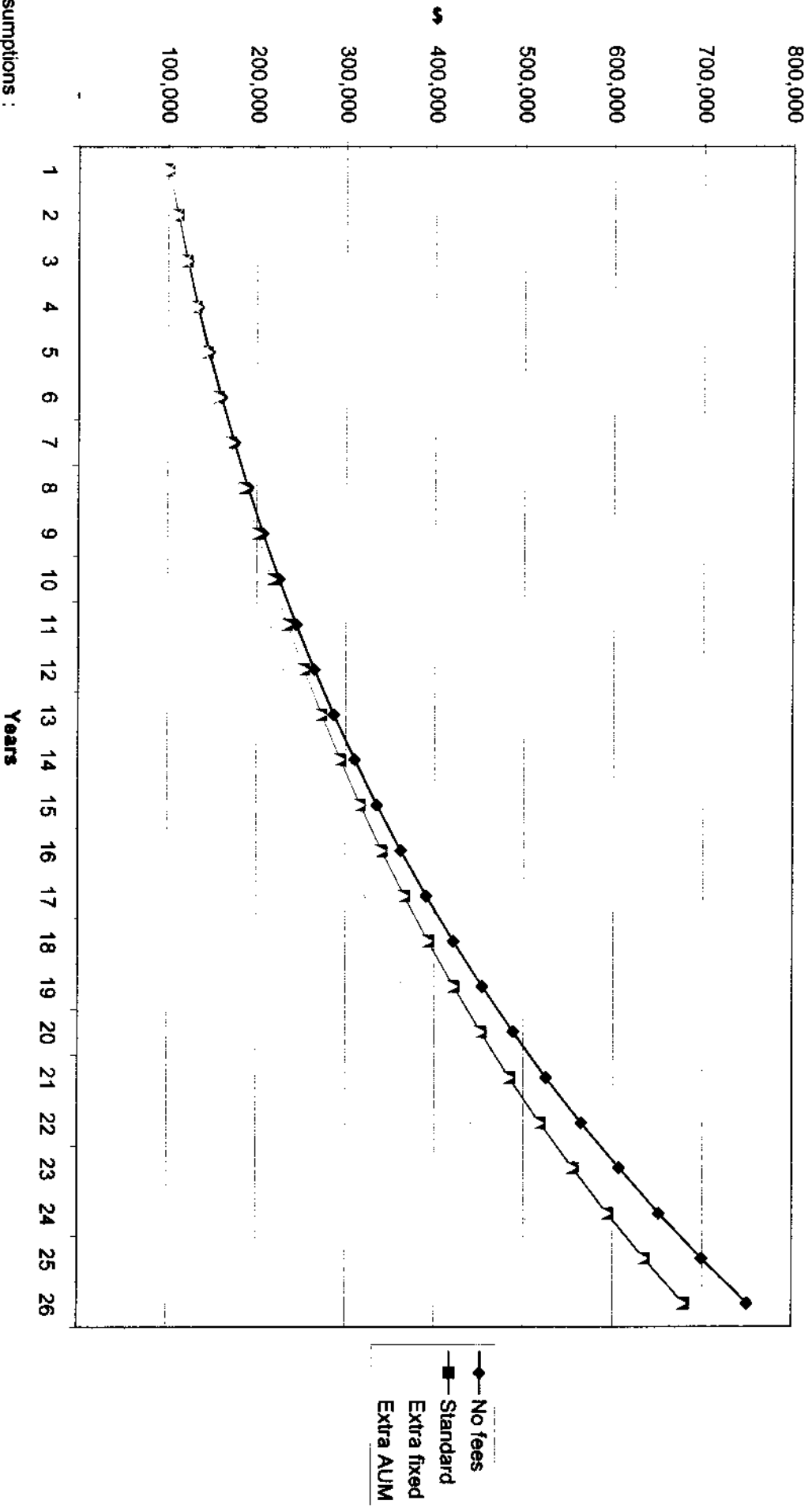
You also indicated that the Committee would be conducting a forum in early October. Sunsuper would be delighted to receive an invitation to participate in the forum.

Yours sincerely,

Richard Cooper

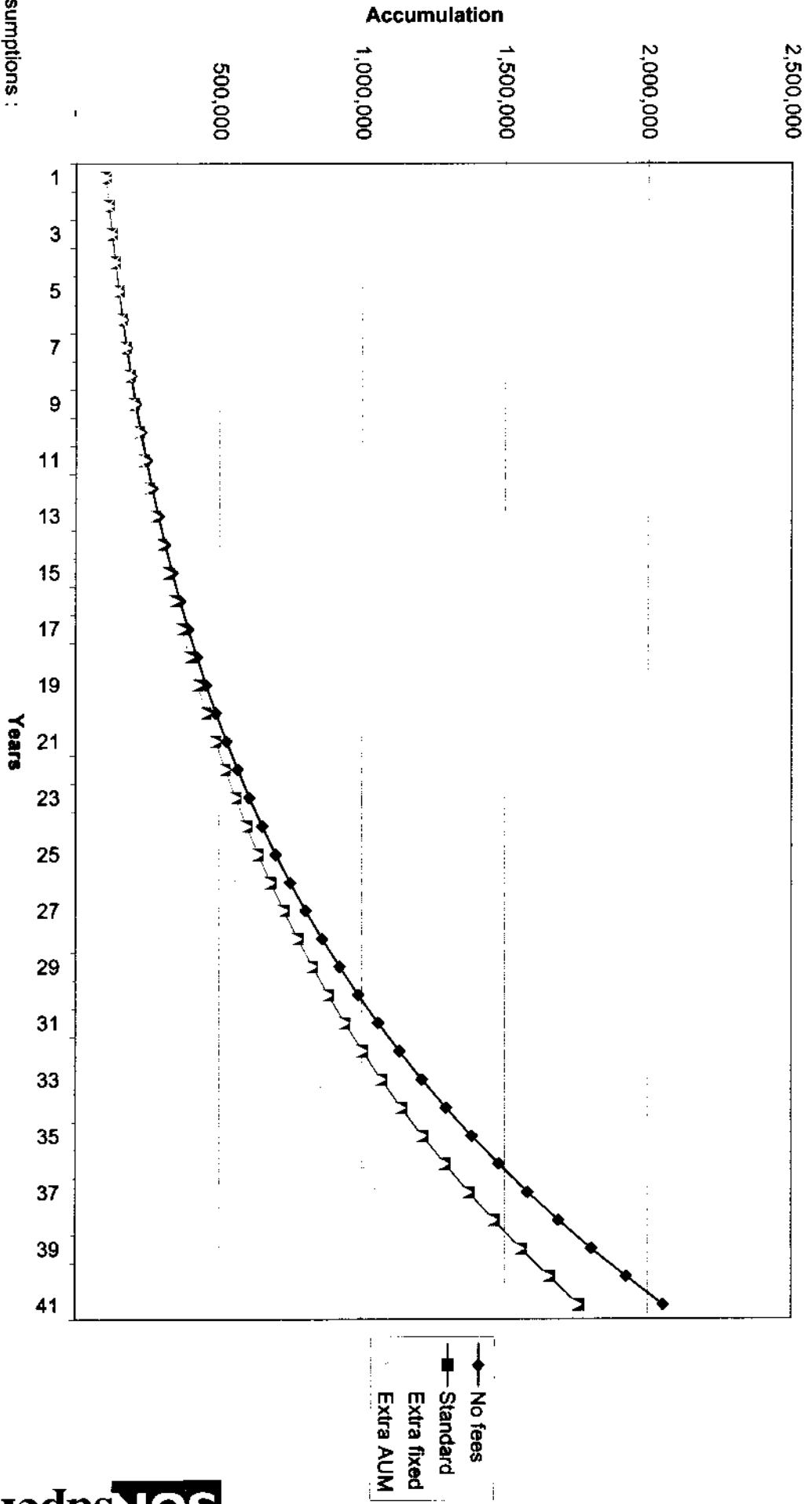
Manager, Corporate Business

Effect of fees - accumulation over 25 years



Assumptions :
 Interest of 6% pa after tax before fees. Inflation of 3% pa. 15% tax on contributions.
 Initial annual contribution of \$5,000.
 Standard fees - \$1 per week and .5% pa asset fee.
 Extra fixed is extra \$1 per week. Extra AUM is plus 1% pa.

Effect of fees - accumulation over 40 years



Assumptions :

- Interest of 6% pa after tax before fees. Inflation of 3% pa. 15% tax on contributions.
- Initial annual contribution of \$5,000.
- Standard fees - \$1 per week and .5% pa asset fee.
- Extra fixed is extra \$1 per week. Extra AUM is plus 1% pa.



Annual contr'n 5,000
 Opening balance 100,000
 Weekly fee \$ 1.00
 Investment fee 0.50%
 Adm asset fee 0.00%

Interest 6.0%
 Fee inflation 3.0%
 Increase contr'n 3.0%
 Contr'n tax 5.0%

Freq'dy of contr's 2
 Extra weekly 1.00
 Extra AUM 1.00%
 \$ 1 for in advance, 2 for even
 dollars per week

Acct bal	Cont	Fees	Net cont	Net Int	No fees	Standard	Extra fixed	Extra AUM
0	100,000	5,000	52.00	4,206	5,616	100,000	100,000	100,000
1	109,821	5,150	53.56	4,332	6,159	110,378	109,821	109,776
2	120,313	5,305	55.17	4,462	6,740	121,509	120,313	120,218
3	131,515	5,464	56.82	4,596	7,360	133,444	131,515	131,366
4	143,470	5,628	58.53	4,734	8,021	146,234	143,470	143,264
5	156,225	5,796	60.28	4,876	8,726	159,935	156,225	155,956
6	169,827	5,970	62.09	5,022	9,479	174,605	169,827	169,491
7	184,327	6,149	63.95	5,173	10,280	190,309	184,327	183,919
8	199,780	6,334	65.87	5,328	11,134	207,111	199,780	199,294
9	216,242	6,524	67.85	5,488	12,044	225,083	216,242	215,671
10	233,774	6,720	69.88	5,652	13,013	244,299	233,774	233,113
11	252,440	6,921	71.98	5,822	14,044	264,840	252,440	251,680
12	272,306	7,129	74.14	5,996	15,142	286,790	272,306	271,442
13	293,444	7,343	76.36	6,176	16,309	310,239	293,444	292,468
14	315,929	7,563	78.65	6,362	17,551	335,282	315,929	314,833
15	339,842	7,790	81.01	6,552	18,872	362,020	339,842	338,617
16	365,266	8,024	83.44	6,749	20,275	390,561	365,266	363,903
17	392,291	8,264	85.95	6,952	21,767	421,020	392,291	390,779
18	421,009	8,512	88.53	7,160	23,352	453,516	421,009	419,340
19	451,522	8,768	91.18	7,375	25,037	488,180	451,522	449,683
20	483,933	9,031	93.92	7,596	26,825	525,146	483,933	481,914
21	518,354	9,301	96.74	7,824	28,725	564,561	518,354	516,142
22	554,903	9,581	99.64	8,059	30,741	606,578	554,903	552,484
23	593,703	9,868	102.63	8,301	32,882	651,361	593,703	591,064
24	634,886	10,164	105.71	8,550	35,154	699,082	634,886	632,012
25	678,589	10,469	108.88	8,806	37,565	749,925	678,589	675,465



Data is input in the green highlighted cells.

Annual contribution is the annual employer contribution, that will be taxed at 15%.

Opening balance is the starting balance for the member.

Weekly fee is the fixed administration fee charged to member accounts.

The investment fee and the adm fee reflect the fees deducted from the investment returns, by either the investment manager (investment fee) or the administrator (adm fee).

The interest rate is the assumed investment return (after tax) but before investment management fees.

The fee inflation is the amount by which the weekly fee increases, should be consistent with the interest rate.

The cont increase allows the annual contribution to also increase, usually in line with inflation rate assumed.

The cont tax allows for the tax rate and is generally set to 15% to reflect all contributions by the employer.

Frequency of contributions allows for the annual contribution to be made annually of evenly through the year.

Extra weekly and extra AUM (assets under management) are the fees beyond the standard entered in the first column.

The extra weekly is a fixed dollar amount, and the extra AUM is a percentage on top of the investment fee entered.

The information used for the charts is shown in columns H, I, J and K.

These are the accumulated balances for the member under 4 circumstances:

with no fees deducted, and only the 15% tax on contributions deducted.

with the standard fees deducted - the weekly fixed fee and the deductions from the investment returns.

with the standard fees and only the extra weekly fee deducted.

with the standard fees and only the extra AUM fee deducted.

This allows a comparison to be made using the same long term assumption in relation to investment returns and inflation, but with different fee deductions.

Illustrations for 25 and 40 years are shown to indicate the effect over shorter and longer terms.