



Media release

28 November 2007

Plum members take the *Escalator* to increase their savings

The continued success of Plum Financial Services Limited's (Plum) award winning super savings *Escalator Program* demonstrates how super providers can actively support their members in achieving their retirement goals, according to Plum's Managing Director Mike Fitzsimons.

Today, Mr Fitzsimons announced the latest results from the first client, Inghams, to implement a version of the program on an 'opt in'* basis, exceeding expectations with a much higher than expected take-up rate by employees.

'We had faith in this program from the start, but the continued positive feedback from both clients and their employees, as well as the high take-up rates, has convinced us Australians are looking for more support towards achieving their retirement goals,' Mike Fitzsimons said.

'Given the fantastic results we are seeing from this program, we think it is time for other super providers to seriously consider offering their clients and members a similar option.'

Mr Fitzsimons said the challenge for super providers in Australia is to help members save more – particularly knowing that most Australians are falling short of their retirement income goals** and many are not doing anything about it***.

'The *Escalator Program* makes it even easier and simpler for our members to save towards their retirement, and is a great example of how by trying something new and different, we are able to get great results for our members. Even better, this program can also trigger the Government's co-contributions scheme for eligible members.'

The latest results

One of Plum's 82 clients, Inghams, is the first client to rollout an 'opt in' version of the *Escalator Program* to its employees.

The results speak for themselves, with 17% of Inghams employees, who were not previously making any additional contributions, adopting the program and now making voluntary contributions to their superannuation (see attachment over for how the *Escalator Program* works).

In addition, 47% of Inghams employees who were already making voluntary contributions increased the amount (by varying degrees) they were putting in each week and over 60% are now contributing more to their super.

The program was offered on an 'opt in' basis to existing employees and an 'opt out' basis to new employees.

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Plum Financial Services Limited
(Administrator)
ABN 35 081 812 731 AFSL 243356

PFS Nominees Pty Ltd
Trustee of the Plum Superannuation Fund
ABN 16 082 026 480 AFSL 243357
RSE L0002912 R1056945

Level 9, 90 Collins Street
Melbourne Vic 3000
GPO Box 63
Melbourne Vic 3001

Telephone 03 9222 4500
Facsimile 03 9222 4902
Email service@plum.com.au
www.plum.com.au



According to Inghams Director of Corporate Services John Hexton, Inghams main aim with implementing this program was to encourage employees to save more towards their retirement years.

'Our employees have told us they like this program as it is helping them to save more and yet they still have a choice to not participate if it does not suit them to do so,' Mr Hexton said.

Plum also recently announced the first major results for another client, Hastings Deerings, who had adopted a version of the program on an 'opt out' basis.

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*Employers can choose an 'opt in' arrangement – where employees must request to sign up to the program, or an 'opt out' arrangement, where all employees are automatically signed up to the program but can withdraw or 'opt out' from the program

** IFSA, *Retirement gap narrows – focus still on voluntary savings incentives*, Media Release 9 March 2006.

*** The *Plum Super Fitness Survey 2006*. Conducted by Russ Knight Research during August and September 2006, is a random telephone based survey of 700 Australians and 300 Plum members. Results showed 80% thought the SG guarantee was not enough to retire on, and over half indicated they were not making additional contributions.

Further information:

For more information on Plum, photos or an interview with Mike Fitzsimons please contact:
Dana Baynes – Public Relations Manager - or Tamsin Beale – Marketing Communications Manager
Tel: 03 9222 4605 Mob: 0438 017 616 Tel: 03 9222 4540 Mob: 0418 104 052
E: dana.baynes@plum.com.au E: tamsin.beale@plum.com.au

About Plum

Plum Financial Services Limited ABN 35 081 812 731 AFSL 243356, a wholly owned subsidiary of MLC Limited, provides integrated superannuation solutions for medium to large Australian corporations. Purpose-built for the era of member investment choice, Plum's philosophy is about providing members with a meaningful education experience to help build their knowledge and understanding of superannuation so that they are empowered to manage their financial future.

One of Australia's fastest growing corporate superannuation providers, Plum now administers more than \$9 billion of committed assets for 82 clients and approximately 128,000 members. More information about Plum is available at www.plum.com.au.

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Inghams quick facts	
Company breakdown	<ul style="list-style-type: none"> • 615 Plum members • 285 members already making voluntary contributions
Version of <i>Escalator</i> offered	<ul style="list-style-type: none"> • Program offered on an 'opt out' basis for new members, 'opt in' for existing members. • Participants chose the percentage they would like to increase their contributions, from one, two or three percent • 100% of employee base targeted
Results	<ul style="list-style-type: none"> • 17% of members who were not previously making any voluntary contributions joined <i>Escalator</i> (57 members) • 47% of members adjusted contributions • 17% of contributing members increased contributions to more than 15%. • 63% of members now contributing additional amounts to their superannuation

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Escalator Program quick facts

- The Program is based on a proven initiative called Smart (Save More for Tomorrow) designed in the US by behavioural finance researchers, Professor Shlomo Benartzi from UCLA and Professor Richard Thaler from the University of Chicago. The Program is also offered by Vanguard in the US and is called 'One Step Save'.
- Employers can choose an 'opt in' arrangement – where employees must request to sign up to the program, or an 'opt out' arrangement, where all employees are automatically signed up to the program but can withdraw or 'opt out' from the program.
- Plum trials used an 'opt in' arrangement, however US trials have shown an 'opt out' arrangement are typically more successful in encouraging increased contributions through overcoming the inertia of the employees.
- Under both arrangements, Plum works with employers to develop the program's details such as the date contributions will be increased each year, the most appropriate communication strategy and how the payroll data will be updated.
- Employee contributions are usually increased annually in-line with each employer's remuneration review.
- Employees can choose to increase their contributions in increments of 1%, 2% or 3% of salary each year.
- Contribution increases will continue until they reach 15% of the employees' wage, including the Super Guarantee. That means depending on the employer contribution levels an employee will only ever contribute an additional 6% under the program.
- If an employer offers the 'opt out' facility, Plum will work with the employer to design a communications program that provides regular contact with all employees. This would ensure that the range of communication mediums is able to reach all employees and that members are in no doubt that participation in the Program is not mandatory and they can cancel their participation at any time.

Further information about behavioural finance

Further information about behavioural finance and the principles upon which the *Escalator Program* is based, can be accessed from Professor Shlomo Benartzi's page on the UCLA website. This provides access to a number of papers published by Professor Benartzi. The address is www.anderson.ucla.edu/x5515.xml

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