



## Directions

June 2007

## Improvements and changes to investments and insurance

Following a recent review of the Aon Master Trust's investment menu and insurance arrangements, the trustee is making a number of improvements and changes for Corporate Super and Personal Super members, as follows:

### Investments

- TIER 1: Pre-mixed options:
  - objectives and strategic asset allocations are being revised to offer greater risk/return choices to members investing in this Tier
  - the Balanced Growth option will be renamed Growth to more accurately reflect its underlying assets.
- TIER 2: Sector options:
  - the establishment of two new options that will offer a growth and a defensive alternative investment
  - revised objectives and benchmarks for Property and Diversified fixed interest.
- TIER 3: Specialist options:
  - the termination of a number of options. We have written to affected members about these terminations and their asset transfer options.

These investment changes are outlined in *Directions for members* and explained in more detail in the factsheet *Investment changes and improvements*.

### Insurance

Discounted premiums and an age-based minimum level of insurance cover<sup>1</sup> allow eligible members<sup>2</sup> to automatically have at least a minimum, but reasonable, level of cover at value-for-money rates –

a big improvement for members with very little or no cover at all. This minimum is significantly higher than the cover required by law from 1 July 2008<sup>3</sup> and, by introducing it from 1 July 2007, the Aon Master Trust is ahead of the requirement in terms of time and level of cover.

**If employers have a special arrangement such as:**

- an insurer other than AIG
- employer-paid insurance premiums, or
- cover for defined benefit members

**the minimum level of cover will not apply.**

Members can opt out of the minimum cover if they wish.

These, and other, insurance improvements and changes are outlined in *Directions for members* and explained in more detail in the factsheet *A better fit – improved insurance in Corporate Super* and *A better fit – improved insurance in Personal Super*.

#### <sup>1</sup> Minimum cover

**Corporate Super:** \$200,000 of death and total and permanent disablement cover, reducing from age 42 to nil at age 65.

**Personal Super:** one-off offer only to existing eligible members at 30 June 2007. \$200,000 of death cover, reducing from age 42 to nil at age 65.

#### <sup>2</sup> Eligible members

**Corporate Super:** 'eligible members' exclude TPD claimants, defined benefit members, members who have had cover reduced or declined by the insurer, who are covered by a non-AIG policy, who do not meet 'At Work' requirements, who are in uninsurable occupations, or whose employer meets the cost of insurance, and may exclude members whose employer or adviser has negotiated other insurance arrangements.

**Personal Super:** 'eligible members' exclude members with account balances under \$5,000, TPD claimants, members who have had cover reduced or declined by the insurer, 'lost' members, members who joined Personal Super or transferred from Corporate Super to Personal Super on or after 1 July 2007, and may exclude members whose adviser has negotiated other insurance arrangements.

- <sup>3</sup> From 1 July 2008, employer-chosen default funds will be required to provide a minimum death-only default cover of \$50,000 or the amount of cover that can be provided at a unit cost of 50 cents per week.

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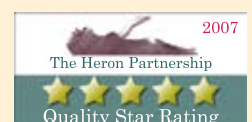
Fees and charges

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## Improvements and changes to Aon Master Trust Pensions

### Investments

Similar to the investment changes in Personal Super and Corporate Super, the trustee is making a number of improvements and changes to the Aon Master Trust Pension investments, as follows:

- TIER 1: Pre-mixed options:
  - objectives and strategic asset allocations are being revised to offer greater risk/return choices to members investing in this Tier
  - the Balanced Growth option will be renamed Growth to more accurately reflect its underlying assets.
- TIER 2: Sector options:
  - revised objectives and benchmarks for Property and Diversified fixed interest.
- TIER 3: Specialist options:
  - the termination of one of the Australian shares options. We have written to affected members about this termination and their asset transfer options.

### Fees and charges

#### Portfolio rebates

The portfolio rebates that were introduced into Personal Super in January 2007 are now being introduced into the Aon Master Trust Pension. The rebates will apply to new entrants joining the Aon Master Trust Pension on or after 1 July 2007.

The rebate, which is calculated using the balance at the end of each month, is credited back to their account monthly in the form of additional units in their chosen investment option(s). For new entrants joining from 1 July 2007, the rebate will apply automatically as follows:

| Total account balance | Rebate (pa) |
|-----------------------|-------------|
| First \$250,000       | Nil         |
| Next \$250,000        | 0.20%       |
| Over \$500,000        | 0.40%       |

With the introduction of portfolio rebates, we will also be updating our fee calculator which will enable financial advisers to easily calculate the total manage costs for their client and fulfil their requirement to disclose this in their statements of advice. The fee calculator will be available from 1 July 2007 on the Aon Master Trust's secure online service or on request from your Business Development Manager.

#### Adviser service fee

To allow advisers to operate with a 'fee for service' model, the adviser service fee has been expanded and can now be charged as follows:

1. an ongoing asset-based fee capped at 2% pa, calculated using the account balance at the end of each month and deducted monthly, or
2. one or both of the following:
  - an ongoing fixed-dollar fee capped at a maximum of \$10,000 pa and deducted monthly, **and\*/or**
  - an ad hoc fixed-dollar fee capped at a maximum of \$10,000 pa and deducted as a one-off amount.

\* The sum of ongoing and ad hoc fixed-dollar fees cannot exceed \$10,000 pa.

#### Standard member fee

The trustee is committed to keeping member fees as low as possible and had maintained the annual standard member fee at \$48 since 2003.

However, legislative changes over recent years and recent Government initiatives on superannuation have meant increased levels of regulation, compliance and reporting administration and, as a result, an increase in our administrator's costs. To accommodate these higher costs, the trustee has approved a modest \$1.00 per month increase in the standard member fee and, accordingly, the new standard member fee will be \$60 per annum effective 1 July 2007.

#### Simplified super reforms – pensions

With the introduction of the Government's Simplified Super reforms, new account-based income streams will result in tax-free income for pensioners aged 60 or over, simpler tax for those under age 60, and a new simpler set of rules will apply from 1 July 2007.

Although current income streams, including Allocated Pensions and Term Allocated Pensions, continue to be available until 19 September 2007, any new pensions being purchased after this date must operate under the new, simpler rules.

The trustee of the Aon Master Trust has decided to convert existing allocated and 'transition to retirement' pensions in the Aon Master Trust to the new, simpler rules. This will allow all existing pensioners to be treated in line with the new pension rules from 1 July 2007, without having to commute and purchase a new pension.

**The fee for service model, the standard member fee increase and the pension reforms have been communicated to members in the factsheet *Changes in the Allocated Pension*.**

## New Product Disclosure Statement (PDS)

With the product enhancements being introduced from 1 July 2007, the trustee is updating the Product Disclosure Statements (PDSs) for Aon Master Trust Personal Super, Corporate Super and Pension.

The new PDSs will be available by 29 June 2007 and we ask that you destroy any copies of the current Aon Master Trust PDSs as soon as the new version is available. Aon will accept applications from the current PDSs, provided they are signed and dated on or before 30 June 2007 and received by us by 6 July 2007.

To order a supply of the new Aon Master Trust PDSs, please contact the Adviser Services Team on 1800 659 152 or email us.

## End of financial year transactions

Please note that, in order for your clients to be eligible for a tax deduction or government co-contribution for the 2006/2007 financial year (if applicable) and for contributions to be included on their 30 June 2007 member benefit statements, the monies must be in our bank account by 30 June 2007.

All cheque deposits must be received in our Contact Centre by no later than 10am on 29 June 2007. Contributions received after this may not be banked and allocated until the new financial year, so please allow enough time for the paperwork to arrive by the deadline. Cheques should be made payable to the Aon Master Trust.

We thank you for your co-operation during this busy period.

## Helping members find their lost super and get it back

In September this year, we'll be helping members to find any 'lost super' they may have by doing a search with SuperMatch. This is an online service that the Australian Taxation Office (ATO) service makes available to super funds for the specific purpose of tracking down their members' lost super.

*Directions for members* advises members about our upcoming search, outlines the SuperMatch process and asks members who don't want us to search on their behalf to let us know.

If SuperMatch turns up any lost super for a member, we'll let the member know and will also send them a form to complete if they want to transfer their lost super into their Aon Master Trust account.

Members who prefer to do their own search can use SuperSeeker, the ATO's service for individuals.

## For feedback, questions or more information...

- [email us](mailto:email@aon.com.au)
- contact your Business Development Manager, or
- call us on 1800 659 152.

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