



BREAKING NEWS

Insurance win – increased underwriting bands

The Aon Master Trust has introduced new standard underwriting bands with AIG Life.

New applications will benefit from these increased limits.

See page 3 for details.

Benefit statements have been sent!

Printed annual benefit statements as at 30 June 2006 have been produced and were mailed to members' nominated addresses mid-October.

The statements contain significantly more information to comply with new regulations and reflect current industry standards. Members also received a special edition of [Directions](#) that explains the new features in the statement and contains investment performance for the year ended 30 June 2006.

Online guide and other new services

To help members understand the statements we have launched an [online guide](#).

Please note that a copy (PDF) of the printed statement is also available to members and their authorised advisers [online](#).

When using our online service, please remember that up-to-date details of all account transactions, including contributions and fees, as well as estimated benefits are also available. Investment performance is also available online and updated monthly for all options.

If you have any questions regarding statements or using our online service, please contact your Business Development Manager, call us on 1800 659 152 or [email us](#).

A super-looking future

Since outlining a raft of super reforms in the May 2006 Federal Budget, the Treasurer has announced a number of refinements and further arrangements, aimed at simplifying the transition to the new system.

Budget night recap

To recap, the main superannuation proposals outlined on Budget night were as follows:

- to remove benefits tax from 1 July 2007 for Australians aged 60 and over who have already paid tax on their superannuation contributions and earnings
- to abolish the reasonable benefit limits and age-based contribution limits
- to allow individuals greater flexibility as to how and when they wish to draw on their superannuation in retirement
- halving the current pension taper rate to \$1.50 from 20 September 2007
- allowing the self-employed to claim a full deduction for their superannuation contributions and be eligible for the Government co-contribution for their personal after-tax contributions

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- before-tax contributions limited to \$50,000 a year from July 2007
- after-tax contributions limited to \$150,000 a year effective from 10 May 2006
- termination payments above \$140,000 will be taxed at the top 45% tax rate instead of the current 30%
- executives will be banned from rolling over their payouts into superannuation funds from July 2007
- any fund that does not have a member's TFN by July 2007 must
 - deduct the top rate of tax on any employer contributions of amounts more than \$1,000
 - disallow voluntary contributions from the member.

Refinements and further arrangements

Transfer to new pension products

- Existing allocated pensioners will be allowed to transfer to new pension products from July 2007.

Contributions

- Subject to any applicable work test, individuals will be able to make up to \$1 million of after-tax contributions between 10 May 2006 and 30 June 2007.
- The \$150,000 annual limit on after-tax contributions will commence from 1 July 2007.
- People aged under 65 will be able to bring forward two years of contributions, enabling \$450,000 to be contributed in one year, with no further contributions in the next two years.
- In addition to the annual cap, individuals can contribute:
 - a lifetime limit of \$1 million from the sale of small business assets which have been held for 15 years
 - settlements for injuries resulting in permanent disablement.
- Indexation of the contribution caps to Average Weekly Ordinary Time Earnings in increments of \$5,000. This aims to make it easier for people to understand how much they can contribute to superannuation.

Payments

- Transitional arrangements will be put in place for employer eligible termination payments that were specified in existing employment contracts as at 9 May 2006 and that are paid before 1 July 2012.
- Amounts will be taxed at 15% up to \$140,000 (30% if under 55), 30% up to \$1 million, and the top marginal rate for amounts over \$1 million.

- Termination payments can be rolled into superannuation until 1 July 2012.
- For rollover amounts above \$1 million, the excess above \$1 million will be taxed at the top marginal rate.
- Rollover amounts less than \$1 million will be treated as taxable contributions but will not count against the \$50,000 cap on concessional contributions.
- The concessional tax treatment of employee invalidity benefits will be extended to the self-employed.
- The concessional amount of lump sum benefits from an untaxed source will be increased from \$700,000 to \$1 million.

Tax file numbers

- New arrangements will encourage people to quote their tax file number to their super fund including:
 - a Government-funded education campaign
 - allowing people until 30 June 2008 to quote their TFN before the withholding tax need apply
 - a refund of any tax withheld for a period of up to four years
 - allowing quotation of a TFN for employment purposes to be treated as being for superannuation purposes
 - removal of the \$1,000 threshold for accounts commenced from 1 July 2007 and
 - the ATO using their systems to improve the quotation of TFNs.

Other refinements include:

- The regulation of self-managed super funds (SMSFs) will be improved by increasing funding to the ATO for compliance activities, streamlining reporting requirements and other measures.
- The supervisory levy will be increased to \$150, which will place SMSFs on a similar cost recovery basis as other superannuation funds.

The Government's intention is for the legislation implementing these measures to be introduced into Parliament before the end of the year.

Sources: Treasurer and Minister for Revenue & Assistant Treasurer Joint Press Release no 93; CCH Australia Limited, 5 September 2006; Financial Review 6 September 2006.

Signing up and retaining clients

The latest [Product Disclosure Statements](#) in addition to the new [Leaving your employer](#) and [introduction to the Aon Master Trust](#) brochures are now available.

The Leaving your employer brochure can help you retain clients who leave service while part of Corporate Super. The introduction to the Aon Master Trust brochure is a great way for you to introduce employees to their new default super fund. Once the new employee is 'signed up' we'll send them a welcome kit including their PDS and any forms they need.

If you would like a supply of brochures, please contact your Business Development Manager, call us on 1800 659 152 or [email us](#).

Insurance win – increased underwriting bands

The Aon Master Trust has introduced new standard underwriting bands with AIG Life, effective immediately.

New applications will benefit from these increased non-medical limits.

New non-medical limits

Age NB	Blood tests	Medical exam	PS Part 2	ECG
up to 40	\$750,001	\$1,500,001	\$400,001	nil
41 - 50	\$750,001	\$1,000,001	\$400,001	\$2,500,001
51-55	\$650,001	\$750,001	\$400,001	\$2,000,001
56-60	\$650,001	\$500,001	all	\$1,500,001
61-65	\$500,001	\$250,001	all	\$1,000,001

Previous non-medical limits

Age NB	Blood tests	Medical exam	PS Part 2	ECG
up to 40	\$600,001	\$1,000,001	\$400,001	\$1,500,001
41 - 50	\$500,001	\$750,001	\$400,001	\$1,000,001
51-55	\$450,001	\$500,001	\$400,001	\$500,001
56-60	\$250,001	\$250,001	all	\$250,001
61-65	\$100,001	\$100,001	all	\$250,001

For feedback, questions or more information...

- [email us](#)
- contact your Business Development Manager, or
- call us on 1800 659 152.

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