

Directions

Online update for employers

April 2004

Strong inflows continue

Welcome to the latest issue of Directions (Employer edition), our regular online update that brings you information about the Aon Master Trust and the services we deliver to you and your employees as members of the Trust.

The Aon Master Trust has opened 2004 in fine style by surpassing \$600 million under management following the roll-in of the 800-member Yum! Restaurants Australia Superannuation Fund.

Yum! Restaurants Australia is the parent company of a number of well-known fast-food brands including KFC, Pizza Hut and Taco Bell. Yum!'s decision follows the roll-in of funds from Danzas DHL, Endeavour Foundation, Collex, IMB, Fox Sports TV, DFS Galleria and Daikyo.

Steven Gaffney, Director Superannuation at Aon Consulting, said that Aon's investment in its new service delivery systems, together with the Master Trust's excellent investment returns, have proved to be a winning combination.

"We have worked very hard to integrate our systems into a robust, cohesive delivery mechanism that caters for a broad base of clients and looks beyond superannuation. These recent wins are a strong endorsement of the company's current and future plans," said Gaffney.

A very warm welcome to all our new employers. We look forward to introducing you to the good returns, great service and excellent product benefits that have become a feature of the Aon Master Trust.

To access ebenefits you need your user name and password. Call our Hotline on 1300 880 588 for details.

New contact centre

Our new Customer Contact Centre is now officially up and running. Having a centralised enquiry centre manned by PS146-qualified staff means all enquiries we receive from you or your employees will be answered quickly and efficiently.

The new contact centre is an important part of the service and support facilities we offer to all members. This service also includes access to technology such as the Aon HR Portal Solution, a web-based, single entry point to a menu of HR self-service options. The portal

is a customisable "interface" that can provide tools and content such as job application forms, links to benefit providers, financial planning and health care information. Managers and employees can tap into the portal to update details and seek information quickly and easily.

The portal delivers meaningful, personal and accurate information to employees and managers 24 hours a day, seven days a week - something they have come to expect in the information age.

FSR is officially here

On 11 March 2004, the two-year transition period allowed for companies to fully comply with the Financial Services Reform Act expired. Like all companies 'dealing' in a financial product, Aon Superannuation Pty Limited, as trustee of the Aon Master Trust, had to comply by the deadline. From a practical point of view, complying meant getting the appropriate licence and converting

our Key Features Statements and Member Booklets to Product Disclosure Statements (PDSs). We completed both tasks by the deadline and our PDSs are now available from our website at www.aonmastertrust.com.au or from our Customer Contact Centre on 1300 880 588. You should read a PDS when deciding whether to acquire, or continue to hold, Aon Master Trust products.

Legislation update

Surcharge - high-income earners get a tax reduction

After months of debate, the Senate finally passed reforms to the superannuation surcharge tax on 28 October 2003. The reforms represent a drop in superannuation tax for high-income earners. The superannuation surcharge tax for individuals earning more than \$94,691 per year will drop from 15% to 12.5% over three years beginning 1 July 2003.

Co-contributions offer an incentive for low-income earners

Also on 28 October 2003 the Senate passed legislation permitting the Government to match member's personal super contributions up to an amount of \$1,000 a year. The co-contribution takes effect from 1 July 2003 and replaces the \$100 tax rebate previously available to low-income earners.

An employer-sponsored member who contributes to super from after-tax salary may be eligible to claim the Government's co-contribution. The \$1,000 pa maximum co-contribution is reduced by 8 cents for each dollar of income over \$27,500 reducing to zero where income exceeds \$40,000.

Green light on licences

We are pleased to announce that Aon Consulting Pty Ltd (the administrator of the Aon Master Trust), and Aon Superannuation Pty Ltd (the trustee of the Aon Master Trust) have been granted their Australian Financial Services Licences with effect from 1 January 2004.

Under the provisions of the licence, Aon Consulting can provide insurance broking and investment consulting services to the Aon Master Trust. Similarly, the licence granted to the trustee of the Aon Master Trust allows the trustee to "deal" in financial products, which simply means we're allowed to offer it for investment.

The licensing requirement was one of the most important reforms introduced under the Financial Services Reform Act on 11 March 2002. Prior to the Act taking effect, it was not compulsory for all service providers to be licensed. The Act requires that any organisation providing financial product advice or dealing in a financial product must secure a licence by 10 March 2004.

The Financial Services Reform Act is the centrepiece of the Government's push to tighten supervision of the financial services industry and better protect consumers.

Retirement incomes initiatives

The Government's recently announced nine proposals that it plans to incorporate into its Retirement Incomes Policy. The proposals have generated considerable discussion, although no draft legislation has been introduced at this time.

In brief, the proposals are:

1. Remove the work test for super contributions for those under age 65.
2. Simplify the work test rules for those over age 65.
3. More flexibility in the transition to retirement.
4. Introduce new "growth pensions"
5. Amend the assets test exemption for complying income streams
6. Introduce mandatory benefits for those over age 75

7. Preserve rolled-over employer eligible termination payments
8. Use ordinary time earnings as the universal earnings basis
9. Use actuarial certificates to ensure that asset values are not overstated.

The reaction from the business community and industry groups was mixed. The Investment and Financial Services Association (IFSA), the Australian Chamber of Commerce and Industry (ACCI) and wealth management company AMP welcomed the flexibility surrounding the transition from work to retirement.

However, both the Association of Superannuation Funds of Australia and the Australian Bankers' Association expressed concern that Australians are still not saving enough money for retirement, while welcoming the proposals as a step in the right direction.

Employer reporting obligations

If you contribute to an accumulation fund or retirement savings account for your employees, you must:

- make sufficient superannuation contributions for the quarter ending 31 March 2004 by 28 April 2004, and
- provide written superannuation reports for employees within 30 days of having made the final contribution for the quarter.

You must also keep adequate records of the superannuation reports and how you worked out the contributions. Employers who have not made sufficient contributions by the due dates are liable to pay the superannuation guarantee charge, which is made up of the

superannuation shortfall, interest and an administration fee. Employers cannot claim a tax deduction for any part of the superannuation guarantee charge.

Employers who pay all outstanding superannuation guarantee charge amounts and lodge a Superannuation Guarantee statement for the quarters in which they had a shortfall by **28 April 2004**, will not have to pay the nominal interest and administration fees that would have applied for the quarters ending 30 September 2003 and 31 December 2003. **There are strictly no extensions for payments made after 28 April 2004.**

For more information about SG visit the Tax Office's website at www.ato.gov.au/super or call them on 13 10 20

Important dates

April 2004

7	Payment of surcharge for self assessing superannuation providers with a lodgment date of 31 March 2004
14	Reasonable benefit limits (RBL) reporting - all RBL reportable benefits paid should be reported to the Tax Office by the end of the 14th day of the month following the month in which the benefit was paid
28	Last day for superannuation guarantee contributions for quarter 3 (1 January - 31 March 2004) to be made to a superannuation provider
28	Superannuation guarantee shortfall amounts for quarters 1 and 2 (1 July - 30 September 2003 and 1 October - 31 December 2003) must be paid in full to avoid incurring the nominal interest and administration components for those quarters
30	Due date for reporting lost member information for the period 1 July - December 2003 to the Tax Office

May 2004

14	Due date for lodgment of 2003 income tax returns and payment (where applicable) for all other superannuation entities not required to lodge earlier or not eligible for 3 June 2004 lodgment date
14	Reasonable benefit limits (RBL) reporting - all RBL reportable benefits paid should be reported to the Tax Office by the end of the 14th day of the month following the month in which the benefit was paid
14	Due date for lodgment of a superannuation guarantee statement and payment of the superannuation guarantee charge for quarter 3 (1 January - 31 March 2004) if sufficient contributions have not been made on time
17	Superannuation contributions surcharge and termination payments surcharge assessments issued
21	Payment of surcharge for self assessing superannuation providers with a lodgment date of 14 May 2004
28	If the employer makes the last superannuation guarantee contribution on 28 April for quarter 3 (1 January - 31 March 2004) then this is the last day for reporting this to employees

June 2004

3	Due date for lodgment of 2003 income tax return for non taxable superannuation entities and superannuation entities with a prior year refund or refund in the current year (unless required earlier)
3	Due date for lodgment of 2003 income tax return for non taxable new superannuation entity registrants (unless required earlier)
10	Payment of surcharge for self assessing superannuation providers with a lodgment date of 3 June 2004
15	Reasonable benefit limits (RBL) reporting - all RBL reportable benefits paid should be reported to the Tax Office by the end of the 14th day of the month following the month in which the benefit was paid
17	Due date for payment of superannuation contribution surcharge and termination payment surcharge assessments issued on 17 May 2004
17	Amended superannuation surcharge member contribution statements (MCS) for August 2004 assessments due
24	Superannuation surcharge assessment variation advices for August 2004 assessments due
30	Superannuation guarantee contributions must be paid by this date to qualify for a tax deduction in the current financial year

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