

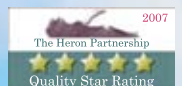
directions

\$988 million
in co-contributions

Rolling over ...
a 'how to' guide

Can you
spot a great
opportunity?

Making the most of the
Budget's super changes.



Can you spot ... *a great opportunity?*

The super changes announced in the 2006 Budget (and expected to come in from 1 July 2007) could mean some great opportunities for you and your savings. But you need to know what they are and what you need to do before (or after) 1 July this year to make the most of them.

Lump sum benefits

Lump sum benefits and super pension payments for people aged 60 or over will be tax-free.

Almost 60 or already there?

Can you wait until after 1 July 2007 to cash out your super or start your pension? Do you have any assets you can move into super?

Reasonable benefit limits

Reasonable benefit limits will no longer exist, which means no limit to the amount of super you can take at concessional tax rates and no need to look at complex ways to minimise tax.

Are you making contributions?

With no limits on concessional tax benefits (and tax-free benefits after age 60), how much can you afford to put into your super?

After-tax contributions

After-tax contributions will be limited to \$150,000 a year but there is a window of opportunity (between 10 May 2006 and 30 June 2007 for those eligible to contribute to super) to contribute up to \$1 million. Under 65s will be able to bring forward two years of contributions (a \$450,000 contribution cap over three years), but won't be able to make contributions for another two years after that.

Want to max your after-tax contributions now?

The \$1 million window ends on 30 June 2007.

*Have you supplied your tax file number to us?
If not, read the article on page 4.*

Self-employed and contributions

Self-employed people will be able to claim a full deduction for their superannuation contributions and they'll also be eligible for the Government co-contribution for their personal after-tax contributions.

Are you self-employed?

Here's some good news for you.



Pensions

If you have an allocated pension, you'll have more flexibility to choose the amount you receive. If you're 60 or over, your payments will be tax-free and you won't have to include your payments as income in your tax return – this will reduce your taxable income and the tax you pay on other income. It may also reduce your Medicare levy.

Do you have an allocated pension?

There's greater flexibility and good news on the tax front too.

If you're aged 55 to 59 and you take out a superannuation pension on or after 1 July 2007 your payments will be taxed at the marginal tax rate less a 15% pension tax offset.

55 to 59 and looking at a pension?

Delay starting your pension and you could pay less tax.

Employer eligible termination payments

If you change jobs or retire and receive an employer eligible termination payment (ETP), you won't be allowed to roll it over into your super – you'll have to take it in cash and pay tax on it. And any amount of your ETP above \$140,000 will be taxed at the top 45% tax rate (plus Medicare levy).

Leaving your job?

You won't be able to rollover an employer ETP into super, and you could pay up to 45% in tax when you take it in cash.

(Note: transitional rollover and tax rate arrangements will apply to employer ETPs that were specified in existing employment contracts as at 9 May 2006 and that are paid before 1 July 2012.)

Limits on deductible contributions

Age-based limits on deductible (ie super guarantee and salary sacrifice) contributions will be removed and these contributions will then be taxed using two tax rates: 15% on contributions up to \$50,000 pa and 46.5% after that.

If you're under 50, this means you can make larger concessional-tax contributions than before.

If you're 50 or over, your limit will be half what it is now, but transitional rules will allow you to contribute up to \$100,000 pa for the next five years.

Under 50?

You can have larger deductible contributions going into your super.

50 or over?

If you want to maximise your deductible contributions, make the most of the transitional period up to 30 June 2012.

*Have you supplied your tax file number to us?
If not, read the article on page 4.*

Retirees over age 65

Retirees over age 65 will be able to keep money accumulating in super past age 75 (the requirement to work 240 hours in the financial year to stay in super after age 65 is being removed).

65 or over?

Review how your retirement savings are structured now to make sure you make the most of the changes.

Want some professional advice?

A financial adviser will look at your personal situation and show you how to make the most of these opportunities. If you don't already have an adviser, but would like to be put in touch with one*, call us on 1300 880 588.

* Financial planning services are provided by Aon Wealth Management Limited (AFSL 239187) and Aon Financial Planning & Protection Limited (AFSL 239183)

Your tax file number could save you tax

New laws expected from 1 July 2007 make it even more important to provide us with your tax file number (TFN).

If you haven't provided it to us and choose not to, the new laws could mean you lose out.

- You won't be allowed to make any after-tax contributions from 1 July 2007.
- If taxable contributions to your super (ie the money your employer puts in for you and any before-tax or salary sacrifice contributions you make yourself) are more than \$1,000 in a year, you'll lose 45% of the part above \$1,000 in tax (instead of 15%). And that's not counting the Medicare levy that's added on.

The \$1,000 threshold will not apply to new accounts opened on or after 1 July 2007.

In any case, even without the new laws, not providing your TFN could still cause you problems down the track.

For example:

- you may pay more tax on your super benefit than you need to
- you may find it difficult to find or consolidate your super benefits, and
- the Australian Taxation Office might find it harder to match you for any co-contribution.

What to do

If our records show that we don't have your TFN, we have included a TFN notification form that you can complete and return to us in the enclosed envelope – no stamp required.

If we already have your TFN, there's nothing you need to do.

Another way to save tax

Many employees now salary sacrifice as a tax-effective way to boost their super savings.

Making super contributions from their before-tax pay means they're investing a larger sum of money (which helps their super to grow faster) and paying less income tax (so they have more take-home pay). The table at right gives an example.

It could get even better

Assuming the Budget changes come in from 1 July 2007, super will become an even more tax-effective way to save for many people.

What to do: ask your employer if they'll allow you to salary sacrifice. If they do, you'll need to satisfy yourself that salary sacrifice is right for you. Talking with your financial adviser will help you make your decision.

	After-tax contributions	Salary sacrifice (before-tax) contributions
Gross (before-tax) pay	\$60,000	\$60,000
Less salary sacrifice contribution	nil	\$3,529**
Adjusted pay	\$60,000	\$56,471
Less income tax*	\$13,350	\$12,291
	\$46,650	\$44,180
Less after-tax contribution	\$3,000	nil
Net take-home pay	\$43,650	\$44,180
Net contribution to super	\$3,000	\$3,000

* Tax based on individual income tax rates 2006–07 excluding Medicare levy.

** Salary sacrifice contributions are taxed at 15% on entry to your account. To achieve a net contribution of \$3,000 you need to contribute \$3,529 before-tax.

Same amount into super

\$530 more take home pay

\$988 million

in co-contributions

In 2005–06, the Government gave \$988 million in co-contributions to around 1,239,000 super fund members.* If your income is less than \$58,000 a year and you make after-tax contributions to your super, you could be eligible for a co-contribution too.

Our co-contribution fact sheet has all the details – download it from www.aonmastertrust.com.au, or call us on 1300 880 588.

* Source: Australian Taxation Office Annual report 2005–06.



Moving? Please let us know.

We need to have your correct address on file so we can send you important information about your super. So, if you're moving, please let us know:

- online at www.aonmastertrust.com.au (you'll need your password to log in) or
- by completing a *Change member details and options form*.

rolling over ... a 'how to' guide

1

Collect information on all your super accounts eg statements from your super fund(s), and use SuperSeeker on www.ato.gov.au to find any 'lost' super you may have.

2

Ask your old funds about:

- any ID you may need to give them
- any exit fees they may charge you.

3

Go to www.aonmastertrust.com.au and download a *Transfer super benefits into the Aon Master Trust* form (or call us for a copy). You'll need a form for each fund you're rolling over from.

4

Read and complete the form, then send it to us.

5

We'll arrange the rollover and let you know when it's in your Aon Master Trust account.

Visit the website for more information on rolling over or read the article in the November 2006 issue of *Directions*. You can call us too on 1300 880 588.

Need a form?

They're all here on www.aonmastertrust.com.au – and you don't need your password. Just click **here**



Why roll over?

Having all your super in one place means:

- you'll have only one set of fees to pay
- you'll have less paperwork, less reading and less filing
- you'll find it easier to focus on your investments and keep track of your super.

Investment market update

December 2006

Share markets were very robust in the December quarter, with an early Christmas rally following on from a strong September quarter.

Outstanding performers this quarter were listed property trusts (returning 14% on the back of a 10.6% return last quarter) and Australian shares which returned 10.9% – far ahead of what many investment professionals would expect for Australian shares going forward. Investors should be cautious about basing their expectations of future share returns on recent performance. For example, over the past ten years, Australian shares have returned 13.2% per year (compared with 10.9% over this most recent quarter alone).

Asset classes: performance to 31 December 2006

	3 mth %	1 yr %	3 yr % pa	5 yr % pa	10yr % pa
Australian shares	10.9	24.2	25.0	15.3	13.2
International shares (\$A)	2.4	11.5	12.7	0.6	7.6
Listed property	14.0	34.1	25.9	19.4	16.1
Australian fixed interest	0.3	3.1	5.3	5.5	6.5
Global fixed interest (hedged)	0.9	3.9	6.8	7.4	7.6
Cash	1.6	6.0	5.8	5.4	5.4

Indices used:

Australian shares	S&P/ASX 200
International shares	MSCI World ex-Australia Index in A\$
Listed property	S&P/ASX 300 Listed Property Trust Accumulation Index
Australian fixed interest	UBS Composite Bond Index
Global fixed interest	Citigroup World Govt Bond Index hedged in A\$
Cash	UBS Bank Bill Index

Australian shares

The Australian share market returned 10.9% during the quarter. Supported by Telstra's successful T3 float, industrials gained 12%, outperforming resources (7%) by a significant margin. Takeover activity continued with the largest leveraged buyout in Australian history for Qantas by Macquarie Bank and other private equity investors. Other deals involving large, well-known companies included Channel Seven, Publishing & Broadcasting (owners of Channel Nine), Flight Centre, Rinker, Suncorp, Promina and Fairfax.

International shares

With a return of 2.4%, international shares (currency unhedged) underperformed Australian shares. This was partly due to a strengthening of the Australian dollar against the US dollar, which weakened amid concerns that the housing sector-led US economy would be weak enough in 2007 to prompt the Federal Reserve to lower official interest rates.

Takeover activity continued to be hectic, with private equity participants continuing to seek ever larger deals including, in November, the largest ever leveraged buyout (for US REIT Equity Office Properties Trust).

Listed property

The US REIT buyout, which led to speculation about potential corporate activity within the Australian sector (which includes trusts, such as Westfield, that have significant exposure to the US), helped the listed property sector to return 14%, outperforming other asset classes once again.

Fixed interest

The modest quarterly returns for Australian and currency hedged international fixed interest (0.3% and 0.9% respectively) contributed to the subdued one year returns for these sectors.

Cash and currency

Notwithstanding the November increase in the official interest rate (up 0.25% to 6.25%), Australian cash returned 1.6% for the quarter. The Australian dollar strengthened, rising 5.6% against the US dollar (3.7% on a trade weighted basis).

Source: Aon Investment Consulting

What does this mean for your super investment?
See pages 7 and 8 for Aon Master Trust returns.

Aon Master Trust

Investment performance

to 31 December 2006

TIER 1 Pre-mixed Active options

Corporate Super & Personal Super

Allocated Pension

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa	3 mth %	FYTD %	1 yr %	3 yr %
High Growth	5.6	6.7	14.8	14.8	7.5	6.2	9.9	17.0	N/O
Balanced Growth	4.5	6.5	12.4	12.7	7.6	5.3	9.3	15.3	15.7
Balanced	4.4	6.4	12.1	12.3	8.2	4.7	8.2	12.7	14.2
Capital Stable	2.9	5.6	8.3	8.5	6.8	2.8	6.3	8.0	9.5
Secure	1.4	4.0	4.7	5.1	5.7	1.7	4.4	5.6	7.4

TIER 1 Pre-mixed Index options

Corporate Super & Personal Super

Allocated Pension

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa	3 mth %	FYTD %	1 yr %	3 yr %
High Growth	5.5	8.6	13.9	N/O	N/O	N/A	N/A	N/A	N/A
Balanced Growth	4.0	7.8	11.8	N/O	N/O	N/A	N/A	N/A	N/A
Balanced	4.0	6.7	10.4	N/O	N/O	N/A	N/A	N/A	N/A
Capital Stable	2.1	4.7	6.2	N/O	N/O	N/A	N/A	N/A	N/A
Secure	0.7	2.8	3.5	N/O	N/O	N/A	N/A	N/A	N/A

TIER 2 Sector options

Corporate Super & Personal Super

Allocated Pension

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa	3 mth %	FYTD %	1 yr %	3 yr %
Australian shares	9.5	10.9	21.8	22.1	13.5	10.6	12.9	22.5	22.6
International shares	2.2	3.4	9.3	10.5	1.8	1.3	5.9	10.2	13.5
Property	8.5	15.2	25.3	16.0	11.7	12.6	23.2	31.9	17.3
Diversified fixed interest	1.3	4.9	4.5	5.5	6.7	1.5	5.4	5.6	6.9
Cash	1.3	2.5	4.8	4.9	4.3	1.5	3.1	6.3	6.3

TIER 3 Specialist options

Corporate Super & Personal Super

Allocated Pension

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa	3 mth %	FYTD %	1 yr %	3 yr %
Australian shares									
Alpha Investment Management Aust. Equity Trust	8.8	10.8	15.9	19.2	12.7	N/A	N/A	N/A	N/A
AMP Capital Sustainable Future Aust. Share Fund	9.4	10.9	24.7	22.0	13.8	N/A	N/A	N/A	N/A
Ausbil Australian Emerging Leaders Fund	10.1	N/O	N/O	N/O	N/O	N/A	N/A	N/A	N/A
Barclays Investment Funds Aust. Alpha Equity	9.7	11.3	20.1	21.0	N/O	10.8	12.2	N/O	N/O
Colonial First State Wholesale Imputation Fund	10.2	9.6	17.9	20.2	11.5	11.7	11.3	20.9	22.5
ING Emerging Company Trust #	12.4	15.0	31.0	32.7	N/O	N/A	N/A	N/A	N/A
JF Capital Partners Aust. Shares Super. Trust	8.9	11.3	22.7	25.5	13.8	N/A	N/A	N/A	N/A
Perpetual Wholesale Industrial Fund	11.6	14.8	19.5	19.4	13.0	12.8	16.3	21.8	20.7
SSgA Australian Equities Index Trust	9.4	12.8	22.6	N/O	N/O	11.6	14.6	25.2	N/O
International shares									
AMP Capital Fut. Dir. Extended Mkts Int'l Share Fund	5.3	7.5	11.9	N/O	N/O	N/A	N/A	N/A	N/A
Barclays Investment Funds – Int'l Alpha Equity Fund	1.6	5.2	9.7	N/O	N/O	N/A	N/A	N/A	N/A
MFS Global Equity Trust	N/A	N/A	N/A	N/A	N/A	1.4	7.0	N/O	N/O
Credit Suisse Asset Management Int'l Shares PST	0.7	3.2	3.5	8.0	1.6	N/A	N/A	N/A	N/A
Platinum International Fund	0.5	3.0	4.4	10.0	7.9	0.3	3.4	4.9	10.5
SSgA International Equities Index Trust	1.8	5.3	6.0	N/O	N/O	1.7	4.5	7.1	N/O

TIER 3 Specialist options (cont)

Corporate Super & Personal Super

Allocated Pension

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa	3 mth %	FYTD %	1 yr %	3 yr %
Property									
AMP Australian Core Property Portfolio	6.5	10.9	20.9	N/O	N/O	N/A	N/A	N/A	N/A
SSgA Australian Listed Property Index Trust	12.2	21.1	31.8	N/O	N/O	12.4	22.8	32.9	N/O
United Funds Mgmt – United Sector Leader Prop. Fund*	13.1	23.1	24.3	19.8	N/O	N/A	N/A	N/A	N/A
Fixed interest									
Macquarie Global Bond Solution	1.3	4.8	4.5	5.7	6.5	1.6	5.3	5.9	7.3
SSgA Australian Fixed Income Index Trust	-0.1	1.8	1.5	N/O	N/O	0.1	1.6	N/O	N/O
SSgA Global Fixed Income Index Trust	0.9	4.0	3.1	N/O	N/O	0.6	3.5	N/O	N/O
Alternative									
Coastal International Equity Fund ~	1.9	-3.5	7.8	4.7	N/O	N/A	N/A	N/A	N/A
Coastal Magnum Diversified Performance Fund ~	3.1	-0.4	9.3	6.8	N/O	N/A	N/A	N/A	N/A
IXIS Aurora II Australia Fund ~	2.0	-0.2	8.1	N/O	N/O	N/A	N/A	N/A	N/A
Warakirri Absolute Return Fund ~	3.7	4.4	8.8	7.8	6.3	N/A	N/A	N/A	N/A
Diversified									
Barclays Superannuation Funds Div. Growth Fund	5.3	8.3	14.0	N/O	N/O	N/A	N/A	N/A	N/A
Barclays Superannuation Funds Div. Stable Fund	2.5	4.6	7.6	N/O	N/O	N/A	N/A	N/A	N/A
ING Wholesale Managed Growth Trust	5.6	5.7	9.4	13.1	7.7	N/A	N/A	N/A	N/A
Maple-Brown Abbott PST	4.7	9.3	12.4	N/O	N/O	N/A	N/A	N/A	N/A
MLC Aggressive Option	6.9	11.0	16.7	N/O	N/O	N/A	N/A	N/A	N/A
MLC Assertive Option	5.8	9.6	13.9	N/O	N/O	N/A	N/A	N/A	N/A
MLC Moderate Option	4.9	8.5	12.2	N/O	N/O	N/A	N/A	N/A	N/A
MLC Conservative Option	2.1	4.6	6.7	N/O	N/O	N/A	N/A	N/A	N/A

NOTES

- # Not available as a specialist manager option for new investment.
- N/O Product not offered in this time period.
- N/A Product not available.
- * Formerly HSBC SectorChoice PST – Property Securities/Challenger Wholesale Property Securities.
- ~ Funds are invested in illiquid assets and thus returns are calculated using latest available manager prices.

All the returns are based on the unit prices of each option. Returns are net of investment fees, and an allowance for tax on the investment income, but before any Aon Master Trust fees. Before 1 July 2001, the returns for the pre-mixed options are based on the equivalent option in Aon Master Trust.

Past performance should not be considered a guide to future performance.

Benchmark asset allocations for the above options are shown in the Product Disclosure Statement (available at www.aonmastertrust.com.au or call us for a copy). For quarterly actual asset allocations, see Investment profiles on the website.

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