

Directions

June 2006



Federal budget

great news for super

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Superannuation changes proposed in the May 2006 Federal Budget make super an even more tax-effective way to save for all levels of the community. If the proposed changes (see page 2) go through as announced, it will mean a major step forward for super in terms of simplicity and savings appeal.

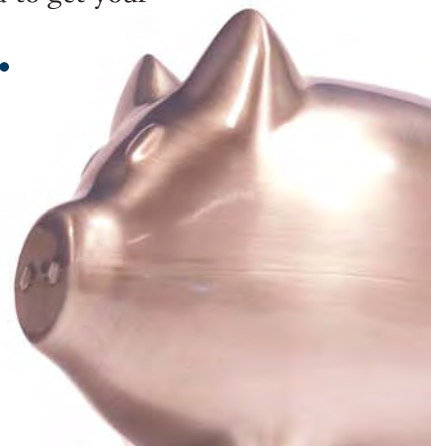
And while we're on the subject of saving, this issue of Directions also looks at three good reasons to think about your contributions... right now, including:

- the Government co-contribution scheme
- splitting contributions with your spouse
- tax deduction on your contributions (if you're self employed).

If you're planning to make the most of any of these savings options for this financial year, you'll need to get your contribution in by

28 June.

See page 3 for more information and use the form on page 4 if you want to make a contribution.



Federal budget

great news for super



The superannuation changes proposed in the May 2006 Federal Budget, effective 1 July 2007, include:

- for people aged 60 or over, removing benefits tax from lump sum benefits and income streams paid from taxed superannuation funds
- abolishing Reasonable Benefit Limits
- introducing a standard form for portability requests and reducing the time limit within which a portability request must be satisfied from 90 to 30 days
- encouraging workforce participation by extending the availability of deductions and removing the compulsory cashing work test for people aged 65 or over
- controlling access to superannuation concessions by simplifying deductible (pre-tax) contribution limits and limiting undeducted (post-tax) contributions

and, effective 20 September 2007:

- removing the 50% assets test exemption for complying income streams, but encouraging saving by reducing the pension assets test taper rate.

Some of the proposed changes, including the abolition of Reasonable Benefit Limits and the removal of benefits tax for people aged 60 or over, may affect how individuals plan for their financial future.

Specific details on the changes are yet to be released so, if you're thinking about super, it's more important than ever to talk to a licensed financial adviser about how the changes might affect you.

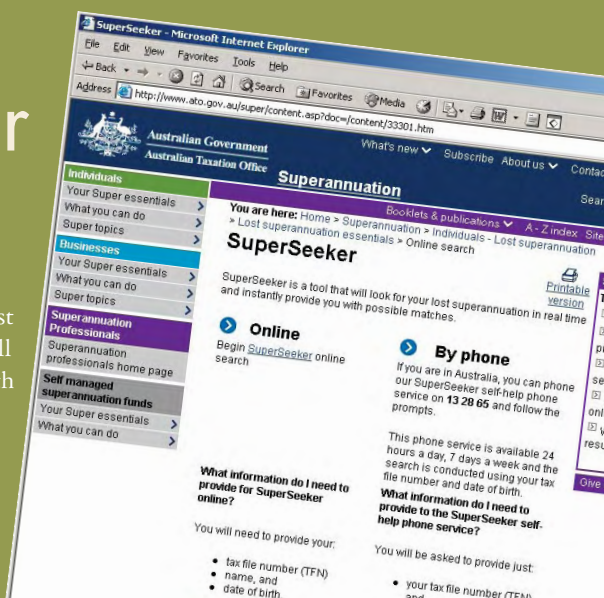
If you would like to speak with a financial planner*, call us on 1300 880 588 for details of a planner in your area.

* Financial planning services are provided by Aon Wealth Management (AFSL No. 239187) and Aon Financial Planning & Protection (AFSL No. 239183).

On a roll? Track down your lost super

While you're on a roll, visit the Australian Tax Office website and see if you have any lost super from previous jobs or funds. With one in three Australians having unclaimed super, there's a good chance you'll find some of your own. You can then roll it over into your Aon Master Trust account (you can get a Rollover form from our website) and keep track of it there. Makes sense, doesn't it?

Go to www.ato.gov.au/super and look for SuperSeeker, a free online service that will cross check you against the Tax Office's register of lost members and unclaimed super. You'll need to enter your name, date of birth and tax file number. If you prefer, call the Tax Office on 13 28 65.



3 good reasons to think about contributions...right now

1 You're going for a co-contribution

If you're intending to ramp up your super contributions this financial year to make the most of the Government co-contribution, be quick – you've got about a month to do so.

- It could mean up to \$1,500 in extra super.
- You need to be eligible and earn less than \$58,000.
- All you need to do is make personal after-tax contributions by 28 June (so we can process them by 30 June) and file your tax return.
- The Tax Office works out any co-contribution you might be entitled to.
- If you are entitled, they'll send your co-contribution to us and we'll put it in your super account.

How much?

If you want to know how much co-contribution you could get, use the Tax Office's online calculator at www.ato.gov.au/super

2 You're self-employed and thinking tax deductions

If you're self employed (or substantially self-employed) you can claim a tax deduction of 100% of the first \$5,000 you put into super each financial year, plus 75% of what you put in above that, up to your age-based deduction limit.

Maximum deduction

This table shows the amount you'd need to contribute this financial year to be able to claim the maximum deduction.

Your age	Amount to contribute for maximum deduction
Under 35	\$17,804
35 to 49	\$52,414
50 or over	\$132,450

Specific deduction

If you have a specific deduction amount in mind, let's say \$7,000, the amount you'd need to contribute this financial year would be \$7,666. Here's the formula:

$$\$5,000 + \frac{(\$7,000 - \$5,000)}{0.75} = \$7,666$$

Remember, if you intend to claim a tax deduction on the contributions you make, complete the Section 82AAT form that we'll be sending you in June.

3 You're interested in splitting

Stop Press: given the changes proposed in the May 2006 Federal Budget, talking with a financial planner will help you weigh up the benefits of splitting your super.

Did you see the article in our March 2006 edition about splitting super contributions with your spouse? If so, you'll know that your first opportunity to request a split is after 1 July this year, for contributions made between 1 January 2006 and 30 June 2006. So, if you want to top up contributions to your account in anticipation of making a split, now's the time.

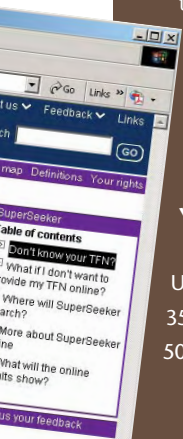
While you're thinking about your spouse, you might like to know that making spouse contributions to the Aon Master Trust is about to become even more attractive. With changes we're making from 1 July 2006, it could be an effective way to get together and build your family's super. See page 7.

and 1 easy way to do something about it...

If you want to make a one-off contribution to your super account, complete the lump sum contribution form over the page and send it to us with a cheque – make sure it arrives by 10 am on 28 June so we can process it by 30 June.



Arrange to make personal contributions through payroll and you won't need to do the "30 June dash" again next year.



Lump sum contribution form

Use the form to make an after-tax lump sum contribution direct to the Aon Master Trust.
If you have any questions, call us on 1300 880 588

1: Your details

Membership number (if known)

First names

Surname

Postal address

Suburb

State Postcode

Email

Daytime phone

2: Employment

Are you self employed? (tick which is applicable)

Yes

No

3: Contribution and payment details

Make cheque out to: Aon Master Trust

Cheque number

Amount \$

Mail to: Aon Master Trust, GPO Box 9819, Sydney NSW 2001

4: Your signature

Date

/ /

Forms and cheques must be received by 28 June 2006 to allow for processing.

Aon Master Trust RSE R1000566
Trustee: Aon Superannuation Pty Limited
ABN 83 057 982 822, AFSL 237465, RSE L0000437.

Send your completed form along with your cheque to:
Aon Master Trust, GPO Box 9819, Sydney NSW 2001



Important changes to note

As a result of a recent product review a number of changes have been made to the Trust. While many of the changes will have little or no impact on most members, it is important that you are aware of the changes, which are effective from 1 July 2006.

Australian shares – investment manager changes

Monitoring to ensure the right mix and skills in our investment manager line-up is an important part of the Trustee's role. In line with recent recommendations from the Investment sub-committee, the Trustee is changing the Australian shares line-up. This will affect Tier 1, 2 and 3 (specialist options) appointments as follows:

■ Tier 1 and Tier 2

The Tyndall Wholesale Australian Shares Fund will replace the Alpha Australian Equity Trust and the Perpetual QI Long Short Fund will replace the Vertex Premium Equity Fund.

■ Tier 3

- The Vertex Relative Value Option will be terminated. If you are invested in this option, you will receive information about alternative investments.
- Alpha will remain as a Tier 3 option but the fee structure has changed from base fee plus performance fee to base fee only. This base fee will be higher than the previous base fee.
- Ausbil Australian Emerging Leaders will be introduced as an Australian Small Companies option.

Other changes include an increase in the management fee for the Coastal Magnum Diversified Performance Fund and a change of names for some of our investment products by the respective managers.

Eligible Rollover Fund (ERF)

From 1 July 2006, the account balance applying in our ERF policy will increase from \$1,500 to \$5,000, and the time limit that applies to Corporate members will reduce from 90 days to 60 days. The new rules for Corporate and Personal members will be:

■ Corporate members

If you have not notified the administrator of your payment instructions within 60 days of being sent your payment paperwork and you have less than \$5,000 in your account at that time, your benefit may be transferred to the Aon ERF.

■ Personal members

If we lose contact with you (ie two lots of mail we send to you are "returned to sender") and your account balance falls below \$5,000, the trustee may transfer your benefit to the Aon ERF.

The effects of having a benefit transferred to the ERF are explained in your Member Booklet.

Insurance cover – changes to when it ceases

Please note the following changes that will apply to your insurance cover in the Aon Master Trust from 1 July 2006.

■ Corporate members

You will continue to maintain your default death-only cover and have premiums deducted until you leave the Trust or transfer to the Personal division and instruct us to cease cover.

However, Total and Permanent Disablement insurance cover and the related premiums will cease 60 days after you cease employment.

■ Personal members and Spouse account holders

If no contributions are made to your account in 12 months and your account balance falls below \$5,000 as at 30 June, we'll notify you that your insurance cover may cease in 60 days time. This will give you the opportunity to bring your account balance up to the required \$5,000 and maintain your cover. If your insurance does cease and you meet the required conditions later on, you can re-apply for insurance cover, but you may need to provide health evidence to the insurer.

continued on page 7...

Investment performance to 31 March 2006

Tier 1 Pre-mixed active options

	3 mth %	Fin YTD %	1 yr %	3 yr % pa	5 yr % pa	Asset allocation	Growth	Defensive
High Growth	7.7	20.1	21.4	17.3	6.6		Australian shares 40.0% Int'l shares 40.0% Property 5.0% Alternative assets 15.0%	
Balanced Growth	5.9	15.0	16.8	14.7	6.9		Australian shares 30.0% Int'l shares 30.0% Property 5.0% Alternative assets 10.0%	Div fixed interest 25.0%
Balanced	5.4	13.9	15.5	14.0	7.4		Australian shares 27.5% Int'l shares 27.5% Property 5.0% Alternative assets 5.0%	Low risk/mkt ntrl 5.0% Div fixed interest 25.0% Cash 5.0%
Capital Stable	2.6	7.2	8.8	9.7	6.2		Australian shares 10.0% Int'l shares 10.0% Property 5.0%	Low risk/mkt ntrl 10.0% Div fixed interest 50.0% Cash 15.0%
Secure	0.8	2.8	4.1	5.5	5.5			Div fixed interest 60.0% Cash 40.0%

Tier 1 Pre-mixed index options

	3 mth %	Fin YTD %	1 yr %
High Growth	7.9	23.9	27.2
Balanced Growth	5.7	17.5	20.8
Balanced	5.0	15.2	18.2
Capital Stable	1.9	6.6	9.5
Secure	0.4	2.3	4.7

Tier 2 Sector options

	3 mth %	Fin YTD %	1 yr %	3 yr % pa
Australian shares	8.4	20.9	25.2	23.5
International shares	8.5	22.1	21.1	15.2
Property	3.5	9.2	12.3	9.2
Div. fixed interest	0.5	2.4	4.7	6.4
Cash	1.2	3.5	4.7	4.6

Tier 3 Specialist options

	3 mth %	Fin YTD %	1 yr %	3 yr %
AUSTRALIAN SHARES				
Alpha Aust Equity Trust	7.4	20.2	24.2	22.0
AMP Sustainable Future Aust Share	11.0	25.1	28.9	23.2
BGI - Aust Alpha Equity	7.5	21.7	25.8	17.2
Colonial First State Imputation	8.3	22.6	27.7	22.0
ING Emerging Companies#	11.7	26.2	34.2	38.3
JFCP Australian Shares	10.8	27.4	33.2	27.7
Perpetual's Industrial Share	6.1	15.3	19.7	20.3
SSgA Australian Equities Index	8.5	22.1	27.3	N/A
INTERNATIONAL SHARES				
AMP Cap Future Direction	11.8	N/A	N/A	N/A
Barclays Int'l Alpha Equity	8.4	N/A	N/A	N/A
Credit Suisse International Shares	7.7	24.3	25.2	12.8
Platinum International	7.2	27.9	25.5	18.9
SSgA International Equities Index	7.7	27.1	28.5	N/A
PROPERTY				
AMP Core Property Portfolio	4.3	7.7	9.0	N/A
Challenger Wholesale Property Securities	2.1	10.0	13.6	13.9
SSgA Aust Listed Property Index	2.8	11.8	16.3	N/A

	3 mth %	Fin YTD %	1 yr %	3 yr %
FIXED INTEREST				
Macquarie Global Bond Solution	0.5	2.4	5.6	6.6
SSgA Aust Fixed Income Index	0.7	2.8	5.7	N/A
SSgA Global Fixed Income Index	-1.2	0.1	3.4	N/A
ALTERNATIVE ASSETS				
IXIS Australia Aurora II	5.5	5.4	6.4	N/A
Coastal International Equity	6.5	12.8	9.9	N/A
Coastal Magnum Div Performance	3.2	6.6	5.5	6.4
Vertex Relative Value	2.6	3.2	3.4	N/A
Warakiri Absolute Return	2.3	2.5	2.2	7.7
DIVERSIFIED				
BGI Diversified Growth	6.1	16.2	20.5	N/A
BGI Diversified Stable	2.9	7.9	10.9	N/A
ING Managed Growth	6.1	16.3	19.6	15.4
Maple-Brown Abbott	4.6	13.4	N/A	N/A
MLC Aggressive	7.7	22.6	26.9	N/A
MLC Assertive	6.0	18.8	22.9	N/A
MLC Moderate	5.0	15.8	19.5	N/A
MLC Conservative	2.6	8.6	10.9	N/A

ACTUAL RETURNS

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.

ASSET ALLOCATION

The pie charts show long-term strategic asset allocations for the pre-mixed options. Actual asset allocations are maintained within $\pm 2\%$ of strategic asset allocations.

NOTE:

While care has been taken in the production of this publication, and the information contained in it has been obtained from sources that Aon Superannuation Pty Limited believes to be reliable, Aon Superannuation Pty Limited does not warrant, represent or guarantee the accuracy, adequacy, completeness or fitness for any purpose that the publication may be used. Aon Superannuation Pty Limited can accept no liability for any loss incurred in any way whatsoever by any person who may rely on it. Past performance should not be considered a guide to future performance.

Allocated pension

Pre-mixed options

	3 mth %	Fin YTD %	1 yr %
High Growth	8.5	N/A	N/A
Balanced Growth	7.0	18.6	23.2
Balanced	5.7	16.5	20.6
Capital Stable	2.1	8.1	12.2
Secure	0.9	3.1	6.2

Sector options

	3 mth %	Fin YTD %	1 yr %
Australian shares	9.0	24.5	30.9
International shares	9.0	28.1	30.4
Property	3.2	10.5	14.6
Div fixed interest	0.8	3.1	7.4
Cash	1.3	4.3	5.8

Specialist options

	3 mth %	Fin YTD %	1 yr %
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AUSTRALIAN SHARES

Colonial First State Imputation	9.3	25.3	31.5
Perpetual Industrial Shares	6.8	17.9	22.1
SSgA Aust Equity Index	9.4	N/A	N/A

INTERNATIONAL SHARES

Platinum International	7.7	31.2	28.9
SSgA International Equity Index	7.6	N/A	N/A
Vanguard International Shares Index	9.1	26.1	27.2

PROPERTY

SSgA Australian LPT Index	2.6	N/A	N/A
Vanguard Property Securities Index	3.3	13.7	17.7

FIXED INTEREST

Macquarie Global Bond Solution	0.9	4.8	9.4
Vanguard Aust Fixed Interest Index	0.9	3.3	6.9
Vanguard Global Fixed Interest Index	-0.8	1.6	5.7

Important changes to note continued from page 5.

Making fees easier to understand

You'll be pleased to hear that fees are remaining the same for 2006 – there is no change in cost to members and the Aon Master Trust will continue to deliver for you at the same fee rate as before.

What is changing is the way that fees are expressed and how they are paid. In line with community and government requirements for more transparent fees, our fee structure will change from 1 July 2006. The new structure will meet industry standards and make the fees you pay easier to understand.

The main change is that an asset administration fee (which includes a fee for administering your investments and adviser fee if applicable) that was previously included in management fees deducted from investment earnings before being applied to your account balances, will now be deducted directly from your accounts. Other management fees will continue to be deducted indirectly. These include fees for investment management, custodial fees and cost recoveries.

The total cost to you as a member does not change.

Where and when will you see the new fee structure

Annual benefit statements as at 30 June 2007

As the new fee structure starts from 1 July 2006, the first statement to reflect the new fee structure will be the statement for year ending 30 June 2007. Your 30 June 2006 statement, which you'll receive in September, will not reflect the change.

Online transaction statements

When you go online (password required) from 1 July 2006 you will be able to see all the transactions being made in your accounts including asset administration fees.

Product Disclosure Statements (PDS)

For members joining after 1 July 2006, the new PDS will use the new fee structure.

Spouse accounts

Stop Press: given the changes proposed in the May 2006 Federal Budget, talking with a financial planner will help you weigh up the benefits of having a spouse account.

From 1 July 2006:

- spouse accounts will now be held within the Personal Super division so, if you ever leave the Aon Master Trust, it won't affect your spouse's account
- we've made the fees even more competitive. Spouses will be charged the same fees as other Personal Super members except for the asset administration fee – a fixed, low rate of just 0.5%.

For more information, see the Spouse contributions fact sheet on the website or call us on 1300 880 588.

Investment commentary

March 2006



The investment highlight of the March quarter was the continued rise in the Australian share market, aided by renewed optimism regarding the demand for commodities and corporate earnings.

Australian shares

Despite a mild setback in February due to falling commodity prices and concerns about further interest rate rises by the US Federal Reserve, the Australian share market delivered very strong returns of 9.0% during the March quarter. Contributing factors were good quarterly results from companies, and takeover activities driving the market higher with offers by AGL and Alinta for each other and news of the Australian Stock Exchange/Sydney Futures Exchange and Unitab/Tattersalls mergers.

International shares

Driven by a depreciating Australian dollar, international shares (currency unhedged) outperformed Australian shares again this quarter. Key developments were takeover activity, especially in Europe, and signals from the Bank of Japan that they are comfortable enough with Japan's economic prospects to begin to raise interest rates. Normally, the prospects of an official interest rate rise would be negative for shares, but this was more than offset by the positive sentiment regarding the Japanese economy.

Listed property

The listed property trust sector failed to make much headway in the quarter due to rising bond yields and investor focus on resource stocks within the Australian share market.

Fixed interest

Australian bonds returned 0.9% in the quarter compared with 1.4% for cash. While long-term yields continue to be

lower than the cash rate, the gap is closing. This has been led by a sell-off in global bonds and the market realising that the economy continues to grow solidly – increasing the likelihood that the Reserve Bank will raise official interest rates.

Currency hedged global bonds returned -0.8% for the quarter, due to successive interest rate tightenings by global central banks. Although the US Federal Reserve has continued its steady rise in official interest rates, the Bank of Japan has ended its zero interest rate policy, acknowledging the end of deflation in Japan and confidence in the sustainability of economic growth. Fears of inflation and further interest rate tightening around the world may put upward pressure on still historically low bond yields.

Cash

Australian cash returned a steady 1.4% for the March quarter, reflecting the Reserve Bank's stable interest rate policy for a year now.

The Australian dollar depreciated by 2.8% during the quarter against the US dollar, and by broadly similar amounts against other major currencies, on average. The depreciation in the Australian dollar in the last two quarters is a reflection of the decreased relative interest rate differential between Australia and other countries, as the Reserve Bank maintains steady official interest rates and other countries begin or continue to raise theirs.

Asset classes: performance to 31 March 2006

	3 mth%	1 yr%	3 yr% pa	5 yr% pa
Australian shares	9.0	30.4	26.4	14.8
International shares (\$A)	9.7	28.0	16.6	-1.6
Listed property	1.8	18.5	17.4	16.7
Australian fixed interest	0.9	6.7	5.2	5.6
Global fixed interest (hedged)	-0.8	5.0	6.3	7.4
Cash	1.4	5.8	5.5	5.2

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

Source: Aon Investment Consulting



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