

Aon Master Trust
November 2007

directions

Have your cake and eat it

when you transition to retirement

Dream machine

Will your super give you
the retirement income you want?

QROPS

means good news for
UK pension transfers



AON

Transitioning to retirement

If you like the thought of retiring but aren't ready to stop work just yet, using your super to buy an Aon Master Trust transition to retirement pension might be the solution.

You don't have to retire to have a transition to retirement pension, so it gives you great flexibility in how you organise your work, play and income arrangements.

It may also be a tax-effective way to continue building your super at the same time.

Key features

- Allows you to structure your working hours, pension income and super arrangements to suit you.
- Available once you reach your preservation age (if you're at the stage of thinking pensions, your preservation age is probably 55).
- Non-commutable, so you generally can't withdraw lump sums from your account.
- Tax-free pension income if you're 60 or over.
- 15% tax offset if you're under 60.

Transition with the Aon Master Trust

You'll need a super investment of \$50,000 to open a transition to retirement pension account in the Aon Master Trust.

See the factsheet *Transition to retirement* on the website or contact us for a copy.

You can have your cake and eat it

This type of pension offers a number of ways to combine your work, super and income needs. Here are some examples.

Less hours, same income

Cut back your working hours and use your pension income to make up for your reduced pay.

Same hours, more income

Use the additional income from your pension to cover 'extras' such as those home renovations or overseas holiday.

More super, same income

Salary sacrificing some of your pay into super can be a tax-effective way to save and your pension will help you to replace some or all of your 'lost' income.

Good advice

You'll need to consider a number of factors before deciding if this type of pension is right for you and how to combine it with your work and super plans. We recommend that you talk to your financial adviser first.

If you don't have an adviser, but would like to be put in touch with one*, call us on 1300 880 588, email contactcentre@aon.com.au or log in at aonmastertrust.com.au and follow the my ebenefits link.

Dream machine

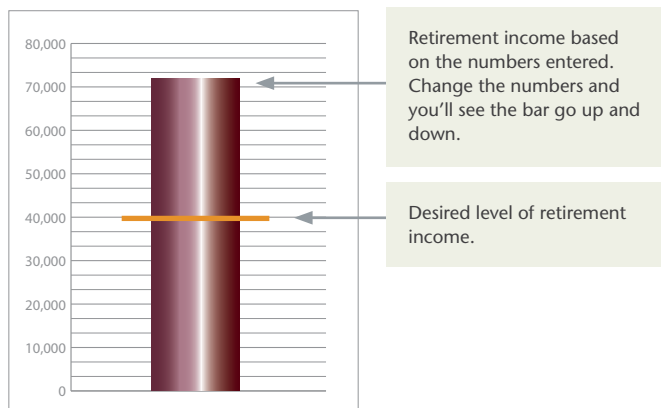
Will your super give you the income you'll want in retirement?

The latest addition to our online calculators is the retirement income calculator. This calculator will tell you if the super you've built up by the time you retire will give you the level of income you'd like to have.

You can test many different scenarios by entering the age at which you'd like to retire, your desired level of retirement income, your salary, super contributions and investment returns – even the rate of inflation. The calculator takes account of fund fees and insurance premiums and, if you're planning to take time out from work, you can ask it to factor in a career break.

Depending on the numbers you plug in, you can see whether you're going to achieve your desired income.

This picture shows an example outcome:



Where to find the calculator

Go to aonmastertrust.com.au Resources ▼ Calculators. While you're there, you might want to try some of the other calculators:

- get a quote for different types and levels of insurance cover
- see if your income and personal contributions qualify you for a co-contribution from the Government
- see how salary sacrifice can help you put more into super with no reduction in your take-home pay.
- test how different contributions, investment returns, fees and insurance premiums can affect your super over the long-term
- budget and manage your expenses so you spend less than you earn.

Fighting the bad guys

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act), which was introduced to help the Government fight the funding of terrorism and money laundering activities, is now law.

The AML/CTF Act requires financial service providers, including superannuation funds, to identify and manage the risk of money laundering and terrorism financing by staff and customers who use the provider's products/services.

While much of the work we are doing to ensure that the Aon Master Trust complies with the AML/CTF Act is 'behind-the-scenes', there will inevitably be some impact on members.

For example, enhanced identification procedures may require us to verify a member's identity for certain transactions. A certified copy of the member's passport or driver's licence will normally be enough, but we may need to request additional information in some cases. Compliance with the AML/CTF Act may also require us to refuse or delay some transactions and we must report any suspicious transactions to the relevant agencies.



Money-laundering

is when a person or organisation hides the ownership or origin of the proceeds of criminal activities.

Terrorism financing

is using money to pay for terrorist activities.

While complying with the AML/CTF Act requires a number of changes to the Aon Master Trust's procedures, systems and documents, the trustee aims to minimise any undue burden on, or inconvenience to, our members. For updates on changes we make for AML/CTF, please visit aonmastertrust.com.au

Rolling over?

You don't need to bend over backwards.

If you have super in a number of funds, rolling it over so it's all in one place will help you to:

- **save money** – only one set of fees to pay
- **save time** – less paperwork to handle
- **save effort** – you'll find it easier to focus on your super investment and track your progress.

And you don't have to bend over backwards to make it happen. Just gather some information on the super you're rolling over, complete the form, and we'll do the rest.

How to roll over into the Aon Master Trust

1. Gather information on your other super accounts (eg a recent benefit statement) and any 'lost super' that you've found (see the box at right).
2. Check with the other funds on any ID you may need to give them as well as any exit fees they may charge you.
3. Complete a *Transfer super benefits into the Aon Master Trust* form (available on aonmastertrust.com.au or call us for a copy). You'll need a form for each fund you're rolling over from.
4. Send your completed form to us to arrange the rollover – we'll let you know when it's in your Aon Master Trust account.

Helping you find your lost super

In the May issue of Directions, we announced that we would be searching for members' lost super through **SuperMatch** – a service that the Australian Taxation Office has developed for super funds.

Our search is now underway (except for any members who asked us not to search) and we'll let you know in due course if SuperMatch finds any lost super for you.

You can also do your own search using **SuperSeeker**, the ATO's online service for individuals. You can use this service online at ato.gov.au/super (click on *Find your lost super*) or by phoning 13 28 65.

Facts and forms

Visit aonmastertrust.com.au for a factsheet on consolidating your super or to download a transfer form. If you prefer, call us on 1300 880 588 and we'll send you a copy.



QROPS means good news for UK pension transfers

If you have a UK pension and are thinking of transferring it to Australia, we have some good news for you.

UK pension transfers can generally only be made to an overseas fund that the UK accepts as a qualifying recognised overseas pension scheme (QROPS). Aon Master Trust Personal Super is registered as a QROPS which means it can accept your UK pension transfer. Our QROPS status also means you'll have access to favourable UK tax treatment on the amount you transfer (it could be tax-free). Tax concessions may apply in Australia too.

Read the booklet

Transferring your UK pension benefit to the Aon Master Trust explains the transfer process and issues to consider. It's on the website or call us for a copy.

Advantages of transferring your UK pension benefit to the Aon Master Trust

- Favourable tax treatment on transfer.
- No transfer fee – the bank's currency conversion fee is the only charge we make.

Lost track of your UK pension?

You might be able to find it through thepensionservice.gov.uk

Preservation

The pension benefit you transfer across will be preserved which means you generally won't be able to access it in cash until you retire.

There are many factors that will influence your decision about transferring your UK pension benefit. Depending on your personal circumstances, transferring may (or may not) work in your favour.

Here is a brief outline of the key points.

Tax on transfer amount

- The UK tax you'll pay depends on how much you transfer and whether the Australian fund is a QROPS. For example, transfers of up to £1.6 million to a QROPS are tax-free, while transfers to a non-QROPS could be taxed at up to 55%.
- The Australian tax you'll pay depends on whether the transfer takes place:
 - within six months of your becoming an Australian resident (in which case it's tax-free), or
 - after that six-month window (in which case any growth in value since you became a resident is assessable income and you'll pay marginal tax on that growth).
- Note also that the Australian Government now limits the amount of super contributions that you can make each year. If any part of your transferred pension is assessable income in Australia, it will count towards your concessional contribution cap. This cap is \$50,000 if you are under age 50, or \$100,000 if you are 50 or over but only until 2012. If you exceed this cap, you'll pay additional tax. (There is also a limit on the amount of non-concessional contributions you can make – see next page.)

Ongoing tax

Your UK tax obligations don't necessarily stop once the transfer is made. If a payment or rollover is made from your QROPS account in Personal Super, the trustee may be required to report it to the UK authorities. Depending on the type of payment, UK tax of up to 55% could apply.

In Australia, payments will be subject to the same tax rules as your other superannuation benefit payments.

Cap on non-concessional contributions

The non-assessable part of your pension benefit will count towards your non-concessional contribution cap in Australia. This cap is \$150,000 (1 July 2007–30 June 2008), and will be indexed each year. If you are under age 65 you can contribute up to \$450,000 in a financial year but you will forfeit the right to make non-concessional contributions in the following two financial years.

Good advice

There are many factors to take into account and we recommend that you talk to a financial adviser before making your decision.

Your adviser will take you through the pros and cons of transferring and, if you decide to go ahead, they can help you complete the paperwork.

If you don't have a financial adviser but would like to be put in touch with one*, call us on 1300 880 588, email us at contactcentre@com.au or log in at aonmastertrust.com.au and follow the my ebenefits link.

*Financial planning services are not provided by Aon Superannuation Pty Limited.

It's holiday time



HOLIDAY SCHEDULE	
Mon 24 December	
Tue 25 December	Closed
Wed 26 December	Closed
Thur 27 December	Closed
Fri 28 December	Open
Mon 31 December	Open
Tue 1 January	Closed
	Closed

Enquiries

If you have any enquiries about your super over the Christmas/New Year break, please note that our offices will be open on 27 and 28 December, and our contact centre will be operating from **8.45am to 5pm EST** on 21, 27 and 28 December. We will be closed on all other days during the break.

Transactions

If you are requesting a transaction on your super account and want it to be processed by the end of December, please ensure that we receive your request by **17 December** to allow for processing time.

Investment market update

– three months to 30 September 2007

Concerns about sub-prime loans in the US resulted in negative investor sentiment across global financial markets.

Caught up in the ensuing credit crisis and its rapid spread across asset classes, many investors looked for safer ground. In September, the 0.5% cut in US official rates helped to boost investor confidence and saw most asset classes deliver positive returns for the quarter.

To put the recent downturn into perspective, it occurred in an environment of easy credit, record merger and acquisition levels and rising debt. Investors' appetite for risky and high yielding assets increased sharply in this environment, then fell away as the impact of the credit crisis spread.

The greatest impact has been on fixed interest and cash markets, including the indiscriminate selling of high-quality corporate bonds. Share markets, in particular those exposed to the mortgage sector, were exposed as investors sought earnings safety in less risky assets.

September saw a recovery in most major share markets, with the Australian share market one of the few to record positive returns for the quarter. Negative returns from international shares were further negatively impacted by the rising Australian dollar.

Asset classes: performance to 30 September 2007

	3 mth %	1 yr %	3 yr % pa	5 yr % pa	10 yr % pa
Australian shares	5.9	32.4	26.6	22.2	13.4
International shares (\$A)	-2.1	1.4	10.0	7.9	4.7
Listed property	5.2	20.1	20.8	19.3	14.7
Australian fixed interest	1.5	3.5	4.7	4.9	5.7
Global fixed interest (hedged)	3.4	5.0	6.1	6.5	7.2
Cash	1.6	6.5	6.0	5.7	5.5

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 achieved record highs in September, helping it return 5.9% in this volatile quarter.

With Australian companies reporting solid performances, the market started to recover from the sell down caused by the global credit crisis. It surged in September on the back of the US interest rate cut, commodity price upgrades and a sound domestic economy.

Large cap stocks (ie shares in large companies) were the best performers as they attracted risk-averse investors seeking relative safety and greater earnings certainty. Materials and Health Care were the clear sector leaders, while IT and Telecommunications underperformed significantly.

International shares

Weak global share markets and a rising Australian dollar saw international shares fall 0.4% in local currency terms.

While many overseas indices (including in Japan and Europe) suffered on the back of global market turmoil, the US S&P 500 index rebounded to record a 2.0% return for the quarter, supported by the US interest rate cut and continuing strong US corporate earnings.

Shares in emerging markets for the most part shrugged off credit crisis concerns, gaining 9.7% in Australian dollar terms.

Listed property

As investors sought the relative safety of more defensive sectors and stocks, Australian listed property was one of the better performers, delivering a 5.2% return.

Fixed interest

Investors retreated from debt markets in reaction to the sub-prime mortgage fallout. International and Australian fixed interest returned 3.4% and 1.5% respectively.

Investors sought safety in Government bonds, resulting in higher bond prices (although they weakened in September following an aggressive interest rate cut in the US) and lower yields. The Reserve Bank's 0.25% rate increase stopped Australian 10-year bond yields falling to the same degree.

Cash and currency

Australian cash returned 1.6%, slightly outperforming Australian fixed interest.

The Australian dollar experienced some volatile trading during the quarter. After reaching an 18-year high of \$US 88.36, the Australian dollar fell \$US 81.89 as sub-prime fears saw investors turn towards the US dollar, and then rebounded to \$US 88.78 cents following the 0.25% interest rate rise.

Source: Aon Investment Consulting

What does this mean for your super investment?

See pages 10 to 12 for Aon Master Trust returns.

Aon Master Trust Corporate Super and Personal Super

INVESTMENT PERFORMANCE TO 30 SEPTEMBER 2007

TIER 1: PRE-MIXED ACTIVE OPTIONS

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa
High Growth	2.5	2.5	15.9	15.2	13.1
Growth	2.2	2.2	12.9	12.6	11.6
Balanced	1.6	1.6	12.1	12.0	11.4
Capital Stable	0.9	0.9	7.7	7.7	8.5
Secure	0.5	0.5	3.5	4.2	5.4

TIER 1: PRE-MIXED INDEX OPTIONS

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa
High Growth	2.4	2.4	14.8	16.2	N/O
Growth	2.4	2.4	11.3	13.4	N/O
Balanced	2.2	2.2	10.6	N/O	N/O
Capital Stable	2.0	2.0	6.5	N/O	N/O
Secure	1.6	1.6	3.7	N/O	N/O

Pension

Investment performance tables for the Aon Master Trust Pension are available on the website or call us for a copy.

TIER 2: SECTOR OPTIONS

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa
Australian shares	6.9	6.9	33.5	24.9	21.2
International shares	-2.3	-2.3	0.9	7.9	7.1
Property	3.9	3.9	16.5	15.0	11.9
Alternative – growth ¹	N/O	N/O	N/O	N/O	N/O
Alternative – defensive	-0.8	-0.8	N/O	N/O	N/O
Diversified fixed interest	0.3	0.3	2.6	4.1	5.9
Cash	0.9	0.9	5.0	4.8	4.6

TIER 3: SPECIALIST OPTIONS

	3 mth %	FYTD %	1 yr %	3 yr % pa	5 yr % pa
Australian shares					
AMP Capital Sustainable Future Australian Share Fund	5.8	5.8	29.3	23.5	19.8
Ausbil Australian Emerging Leaders Fund	1.7	1.7	23.4	N/O	N/O
Barclays Investment Funds Australian Alpha Equity	7.1	7.1	32.5	23.8	N/O
Colonial First State Wholesale Imputation Fund	5.7	5.7	25.5	21.6	17.1
JF Capital Partners Australian Equity Trust	4.1	4.1	25.1	25.2	20.6
Perpetual Wholesale Industrial Fund	2.1	2.1	23.6	18.0	16.7
SSgA Australian Equities Index Trust	5.6	5.6	28.5	23.8	N/O
International shares					
AMP Capital Fut. Dir. Extended Mkts Int'l Share Fund	-3.9	-3.9	4.7	N/O	N/O
Barclays Investment Funds - Int'l Alpha Equity Fund	-3.1	-3.1	-1.3	N/O	N/O
Barclays Investments Funds - Int'l Share Fund	N/A	N/A	N/A	N/A	N/A
MFS Global Equity Trust	N/A	N/A	N/A	N/A	N/A
Credit Suisse Asset Management Int'l Shares PST	-1.3	-1.3	0.2	7.0	5.6
Platinum International Fund	-0.9	-0.9	2.3	8.9	10.1
SSgA International Equities Index Trust	-1.7	-1.7	1.1	9.6	N/O
Property					
AMP Australian Core Property Portfolio	3.4	3.4	21.8	N/O	N/O
SSgA Australian Listed Property Index Trust	4.9	4.9	18.5	17.2	N/O
United Funds Management – United Sector Leader Property Fund ²	2.6	2.6	15.2	14.4	14.1
Fixed interest					
Macquarie Global Bond Solution	0.3	0.3	2.6	4.4	6.2
SSgA Australian Fixed Income Index Trust	1.1	1.1	2.7	3.5	N/O
SSgA Global Fixed Income Index Trust	2.8	2.8	3.8	4.6	N/O
Diversified					
Barclays Superannuation Funds Div. Growth Fund	2.1	2.1	13.9	14.8	N/O
Barclays Superannuation Funds Div. Stable Fund	1.6	1.6	7.6	8.5	N/O
ING Wholesale Managed Growth Trust	1.6	1.6	12.6	12.5	10.8
Maple-Brown Abbott PST	1.4	1.4	10.7	N/O	N/O
MLC Aggressive Option	2.8	2.8	17.5	17.9	N/O
MLC Assertive Option	2.8	2.8	15.5	15.7	N/O
MLC Moderate Option	2.8	2.8	13.6	13.9	N/O
MLC Conservative Option	1.7	1.7	6.8	7.8	N/O

- 1 Performance figures not yet available for this recently introduced option.
 - 2 Formerly HSBC SectorChoice PST – Property Securities/ Challenger Wholesale Property Securities.
- N/O Product not offered in this time period.

See 'Notes to investment performance' on the next page

Notes to

INVESTMENT PERFORMANCE

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 direct fees.

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.

While the investment performance information on the previous pages 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 information 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.

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