

AON MASTER TRUST PERSONAL SUPER

Tax and super

Issued on 1 July 2011 by Aon Superannuation Pty Limited ABN 83 057 982 822 AFSL 237465 as trustee of the Aon Master Trust ABN 68 964 712 340

THE INFORMATION IN THIS DOCUMENT FORMS PART OF THE PRODUCT DISCLOSURE STATEMENT AON MASTER TRUST PERSONAL SUPER AND PERSONAL SUPER-ESSENTIALS, DATED 1 JULY 2011

Tax on contributions

If you make a contribution from your before-tax pay (known as salary sacrifice), your contribution is taxed at 15%. The 15% tax also applies to any contributions your employer makes for you including Superannuation Guarantee (SG) contributions. (The SG legislation requires employers to make compulsory contributions on behalf of most employees. The current SG rate is 9% of ordinary time earnings (OTE).) These are known as concessional contributions.

If you make a contribution from your after-tax pay, your contribution is not taxed when you pay it into your super (your pay office has already taken PAYG tax out). This is known as a non-concessional contribution.

Contribution caps

There are limits to the amount of favourably taxed concessional and non-concessional contributions that you can make to super.

Concessional contributions cap

Concessional contributions include all employer-paid contributions including SG and any salary sacrifice contributions paid by your employer on your behalf. Personal contributions for self-employed persons for which a tax deduction has been claimed are also included.

For the 2011/12 financial year concessional contributions caps are:

- ↳ age 49 or under: \$25,000
- ↳ age 50 or over: \$50,000.

Contributions which exceed the above caps will be taxed an additional 31.5% tax (including Medicare Levy).

Also, the amount of any concessional contributions which exceed the concessional contributions cap count toward your non-concessional cap.

If you are under age 65 during the current financial year you can bring forward two years of non-concessional contributions, ie up to \$450,000 over a period of three years.

Non-concessional contributions cap

Non-concessional contributions include all personal contributions for which you have not claimed a tax deduction, any spouse contributions and any excess concessional contributions.

For the 2011/12 financial year the non-concessional contributions cap is \$150,000# for all ages.

Contributions which exceed the above cap will be taxed at 46.5% (including Medicare Levy).

Tax benefits

Spouse contributions and tax rebate

If your spouse's assessable income is less than \$13,800, you may be able to claim a tax rebate on up to \$3,000 of after-tax contributions you make on their behalf. The maximum rebate is \$540 and it applies if your spouse's assessable income is less than \$10,800. A reduced rebate applies for higher assessable incomes up to \$13,800.

As well as the rebate, by making spouse contributions you can also take advantage of two low-rate thresholds.

Same-sex spouses are also eligible for the rebate. See our *Spouse contributions* factsheet for further information.

Spouse contribution splitting

You may split or transfer your concessional contributions to your spouse. The maximum amount of concessional contributions that can be split is the lesser of:

- ↳ 85% of the total concessional contributions, or
- ↳ the concessional contribution cap for the financial year.

A spouse can be a same-sex or opposite-sex partner.

An \$80 withdrawal fee is charged to your account for each spouse split payment (maximum once a year). Non-concessional contributions cannot be split with your spouse.

Tax deduction for self-employed contributions

You may be eligible to claim a tax deduction on your personal contributions to super if you are self-employed or substantially self-employed. To be considered substantially self-employed, less than 10% of your assessable income can come from an employer. You may claim a deduction on non-concessional contributions up to age 75, as long as you meet the eligibility criteria. Contributions for which you intend to claim a deduction are taxed at 15%.

You cannot claim a tax deduction for your personal contributions to the Aon Master Trust once you have submitted your tax return for the year in which contributions were received, or you have transferred/rolled out or withdrawn your benefits from your super account in the Trust.

If you intend to claim a deduction for your contributions to the Aon Master Trust, you must do so within the given timeframes. To claim a tax deduction you must complete and return a *Notice of intent to claim a tax deduction* form. The form is available on our website. Your claim must be acknowledged by the Aon Master Trust in writing.

For further information on eligibility, conditions and claim timeframes, visit the Australian Taxation Office website ato.gov.au/super or call them on **13 10 20**.

Government co-contribution

If you're earning up to \$61,920 a year (in the 2011/12 financial year) and make super contributions from your after-tax pay you may be eligible for a co-contribution from the Government. If you earn less than \$31,920 and make a \$1,000 contribution, then you will receive the maximum co-contribution of \$1,000. As your salary increases, the amount you receive will be reduced. If you earn more than the upper income threshold of \$61,920, you will not receive a co-contribution.

The lower income threshold will be indexed on an annual basis. The upper income threshold will be equal to the indexed lower income threshold, plus \$30,000 each year. The Australian Taxation Office administers the co-contribution.

Preservation and accessing your super

In most cases, access to your super is restricted until you retire or you transition to retirement. Most money in the super system is 'preserved super'. Generally, preserved super can only be accessed if you:

- ↳ reach age 65
- ↳ reach age 60 and leave your employer
- ↳ reach your preservation age (see table below) and retire permanently from the workforce
- ↳ reach your preservation age and keep working, but choose to access some super under the rules which govern transition to retirement
- ↳ obtain release on severe financial hardship or compassionate grounds
- ↳ are a temporary resident leaving Australia permanently for overseas (conditions apply)
- ↳ suffer from an illness or incur an injury that will result in death within a 12-month period from the date of medical certification
- ↳ become totally incapacitated or die.

Your preservation age is based on your date of birth	Age
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
1 July 1964 or after	60

In addition to preserved super, there are two other categories: 'unrestricted non-preserved' super which can be accessed at any time, and 'restricted non-preserved' super which in some cases can be accessed when you cease your current employment. If any of your super falls into these two categories, it will be shown on your annual benefit statement and you can contact us regarding access.

Tax on benefit payments

Tax may be payable on the taxable component of your benefit depending on your age at the time of withdrawal:

- ↳ under age 55: 21.5% (inclusive of Medicare levy)*
- ↳ aged 55 to 59: first \$165,000 tax-free and the remainder taxed at 16.5% (inclusive of Medicare levy)*
- ↳ aged 60 or over: tax-free.

* Taxable component assessable for additional flood levy for 2011/12.

Flood levy

The Government has introduced the temporary flood and cyclone levy (flood levy) applying to taxable income for the 2011/12 financial year.

The levy is payable on the taxable component of superannuation benefits paid during the 2011/12 if you who are aged under 60 as at 30 June 2012:

Taxable component	Flood levy
Under \$50,000	Nil
\$50,000–\$100,000	0.5% of amount over \$50,000
Over \$100,000	\$250 + 1% of amount over \$100,000

If you were affected by a natural disaster during the 2010/11 financial year you can be exempt from paying the levy. To ensure that the levy is not withheld from superannuation payments paid, you must submit a *Flood levy exemption declaration* (NAT 73797) to the Trust prior to the payment being made. If the levy is withheld from superannuation payments you can request a refund of the levy from the ATO when submitting your tax return.

Super benefits excluded from the levy are rollovers, lump sum benefit payments under \$200, the tax-free component of lump sum benefits, pension income for members age 60 or over, total and permanent disablement benefits, death benefits paid to dependants, terminal illness benefits, and departing Australia superannuation payments.

Tax on super payments to temporary residents departing Australia

Departing Australia superannuation payments (DASP), paid to former temporary residents are subject to withholding tax. The withholding tax rates are:

- ⊘ 0% for the tax-free component
- ⊘ 35% for a taxed element of a taxable component
- ⊘ 45% for an untaxed element of a taxable component.

You can make a claim within six months after leaving the country. If you do not claim your benefit within six months of leaving the country, your benefit is required to be transferred to the Australian Taxation office (ATO) as unclaimed monies. You can still claim your benefit, but you must apply directly to the ATO.

Australian and New Zealand citizens are not eligible for a DASP as they have retiring rights in Australia.

Tax on death benefits

Tax on death benefits varies according to who receives the benefit and how it is paid. Lump sum death benefits are tax free if paid to a spouse, a child under the age of 18, or any person who is financially dependent on, or in an interdependency relationship with, you.

Lump sum death benefits paid to a tax non-dependant are taxed at 15% on the taxable component, plus Medicare or any other Government levy.

If a death benefit is paid to your legal personal representative (your estate), they will be responsible for withholding the appropriate level of tax for the final beneficiary.

Anti-detriment tax refunds

Where a death benefit payment is made to the trustee of a member's estate, or an individual who was a spouse, former spouse or child of the member (as defined under tax legislation), the trustee may calculate an 'anti-detriment' amount that will increase the death benefit payment to the recipients listed above. An 'anti-detriment' payment is a refund of contributions tax paid on all contributions made to the Trust by the member since joining the Aon Master Trust or since 1 July 1988, whichever is later.

Tax on total and permanent disablement (TPD) benefits

Generally if you are under 60 and you receive a TPD benefit, the part of the benefit representing service up to the date of disablement is taxed as a lump sum. The part of the benefit that relates to projected service from the date of your disablement to age 65 is tax free if you qualify for invalidity under tax legislation.

If you are aged 60 or over the benefit is tax free.

Terminal illness

If you suffer from an illness or have incurred an injury that could result in death within a 12-month period (commencing from the date of medical certification provided to the trustee) you may be eligible to receive your super benefit even if you do not meet any other preservation requirements.

If you meet terminal illness provisions, you will receive your super benefit tax free.

Information

Taxation laws may change as a result of Government legislation. Call the Australian Taxation Office on 13 10 20, visit ato.gov.au/super or talk to an adviser for the latest information.

This document has been prepared by Aon Consulting Pty Limited (ABN 48 002 288 646, AFSL 236667) trading as Aon Hewitt a related body corporate of the trustee of the Aon Master Trust (ABN 68 964 712 340), Aon Superannuation Pty Limited (ABN 83 057 982 822, AFSL 237465). This is a relationship that might reasonably be expected to be capable of influencing Aon Hewitt when the company provides financial product advice to clients in respect of the Aon Master Trust.