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2016/17 pension payments



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MARKET UPDATE
Q1 2016

YOUR PAYMENT ELECTION
LETTER IS ENCLOSED

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Aon Master Trust

DIRECTIONS

WINTER 2016

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For factsheets go to aonmastertrust.com.au/publications or contact us.



FEDERAL BUDGET 2016

The 2016 Federal Budget proposes significant tax changes for super and pension funds. Changes most relevant to pension fund members, and which will take effect from 1 July 2017 if passed by Parliament, include:

- ↘ removal of tax (and other) obstacles to the development of products that will address the risk of outliving retirement savings
- ↘ taxing earnings on assets in transition-to-retirement income streams (concept of tax-free drawdowns from age 60 remains in place)
- ↘ limiting (to \$1.6 million) the amount that can be transferred from super to retirement income streams. (Note: members already in retirement phase will need to withdraw any excess amount above the cap or transfer it back into a super account to ensure they meet the cap by 1 July 2017.)

See the News column on our website for a Budget report and check back soon for what the Budget changes may mean for you.

STAY CONNECTED

Our quickest way to connect with you is by mobile phone or email. To check, provide or update your details, log in to your account at aonmastertrust.com.au, call us on **1300 880 588** or email contactaon@pillar.com.au

LOW RETURNS AND YOUR PENSION

With market analysts predicting a period of low investment returns and low interest rates, you may be wondering what you can do to help your pension last longer.

Review your investment strategy against your long term needs

Does it offer the right balance between inflation-proofing your pension account, protecting it from market downturns and making the most of market upturns?

Review your pension drawdowns

Adjusting your lifestyle expectations may allow you to reduce your pension payments—a simple way of making your pension last longer.

Make the most of entitlements

Check your eligibility for the age pension and seniors' concessions for example on travel, prescriptions, and water and council rates.

Explore ways to build your savings

If you're still working or returning to work, options may include boosting your super account through salary sacrifice or Government co-contributions, or receiving a tax rebate of up to \$540 if you contribute to your spouse's super.

Talk to your financial adviser about what may work for you, or ask us about the advice services you can access through the Aon Master Trust.

AON

JANUARY 2017 ASSETS TEST CHANGES



Changes to the age pension assets test, announced in the 2015 Federal Budget as aimed at making entitlements 'fairer', will take effect from 1 January 2017 as follows:

- The assets test free area (the level of assets a retiree can own in addition to the family home and still qualify for a full age pension, provided they also meet the income test) will increase to \$250,000 and \$375,000 for single and couple homeowners respectively (or \$450,000 and \$575,000 for those who do not own their home).
- Entitlement to a **part** age pension will be affected by a doubling of the assets test taper rate. This will reduce the fortnightly pension entitlement by \$3 (up from \$1.50) for every \$1,000 of assets above the new assets test free area.

According to Government estimates, the expansion of the assets test free area will help around 170,000 retirees with modest assets qualify for a full or increased age pension. However, the new taper rate will likely see retirees who own substantial assets losing part or all of their entitlement.

You do have time to plan ahead. A number of 'assessable assets' strategies may be available to you, so talk to your adviser now or ask us about the financial advice services you can access through the Aon Master Trust.

KEY DATES FOR END OF FINANCIAL YEAR



Processing hold 30 June – 5 July 2016

Please note that transaction processing will be put on hold from Thursday, 30 June 2016 to Tuesday, 5 July 2016 (inclusive), allowing us to test, check and audit final unit prices. This rigorous process is an essential step in determining members' pension account balances for 30 June 2016 benefit statements. This hold applies to all transaction requests, including investment switches, account balance quotations*, lump sum commutation payments, and online services.

Transaction requests received after Wednesday, 29 June 2016 will be processed as quickly as possible, in order of date received, once

processing resumes. We process within time limits that conform to standards maintained by the trustee, using the price applicable on the date of processing.

* We will be able to provide an approximate quotation as at 30 June 2016 only (please call us on 1300 880 588 or email contactaon@pillar.com.au to request a quotation).

Important cut-off date

Lump sum commutation payments and investment switch requests: To allow us to process these requests so that they appear on your 30 June 2016 benefit statement, we must receive them, together with any required supporting documents, by Friday, 24 June 2016.

1 July 2016 indexed fee increase

The member fee will increase (in line with increases in Average Weekly Ordinary Time Earnings) from \$7.03 to \$7.14 per month.

Funding compliance costs

On 1 July 2016 the trustee will discontinue the 0.05% pa deduction that commenced in July 2013 to fund an increase in the Operational Risk Reserve. That increase was in line with new prudential standards introduced by the Government requiring super fund trustees to 'reserve' funds to cover the costs of any adverse operational events that may occur, and for such funding to be met by 30 June 2016.

However, due to the ongoing costs to the trustee of complying with other aspects of the prudential standards being higher than anticipated, from 1 July 2016 a new (but lower) levy of 0.02% pa will be deducted from the unit price of each managed investment option.

GOT A SUPER ACCOUNT WITH US?



If you make an after-tax contribution to your super this financial year, **you may be eligible for a Government co-contribution of up to \$500.**

See the factsheet on our website or contact us for more information. To be eligible for this financial year, your contributions need to reach us by Friday, 24 June 2016.

Remember: **BPAY®** is the easiest way to contribute.

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Contact us

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