

**AON ELIGIBLE ROLLOVER FUND  
ANNUAL REPORT 2011**



# ABOUT THE AON ELIGIBLE ROLLOVER FUND

The Aon Eligible Rollover Fund (Aon ERF) accepts:

- ↳ lost member benefits or inactive accounts from other superannuation funds
- ↳ Superannuation Guarantee shortfall amounts
- ↳ small account balances that are uneconomical to leave within a superannuation fund
- ↳ any super lump sum payments received by an individual before age 65.

Contributions cannot be accepted into the Aon ERF. If you would like information about how to consolidate your superannuation and be able to make contributions, please contact us on 1300 880 588. The Aon ERF protects member benefits.

The trustee ensures that the Aon ERF complies with the Superannuation Industry (Supervision) Act 1993 and Regulations and relevant laws.

This report contains general information for the benefit of all members. It is designed to bring you up to date with recent developments and to keep you informed about the operation and benefits of the Aon ERF. More information is available on the Aon ERF web page.

Every effort has been made to ensure the information contained in this report is accurate. However, the trust deed ultimately governs your rights and benefits, and it can be inspected on request to the trustee.

No penalties have been imposed on the Aon ERF or the trustee for non-compliance during the 2010/11 year.

## Printed copy of annual report

If you would like a printed copy of this annual report free of charge, call us on **1300 880 588** or email [contactaon@pillar.com.au](mailto:contactaon@pillar.com.au).

The information in this report is general in nature. Your personal objectives, financial situation or needs were not taken into account when preparing this information. You may want to seek independent financial advice before making any decisions about your super. This report has been prepared by Aon Hewitt Limited (ABN 48 002 288 646 AFSL 236667) and issued by Aon Superannuation Pty Limited (ABN 83 057 982 822 AFSL 237465) as trustee of the Aon Eligible Rollover Fund (ABN 54 338 733 881).

# INVESTMENT PORTFOLIO

## Investment aims and strategy

The aim of the Aon ERF is to reduce volatility of returns by investing predominantly in fixed interest and cash with a moderate allocation in shares to enhance the potential for the Fund to outperform inflation after fees. The emphasis is on managing risk rather than maximising the investment return.

The Aon ERF invests in funds managed by specialist investment managers. These professional managers each have their own risk management policy statements which specify the use of derivatives. Derivatives are financial instruments with value derived from underlying investments.

Most managers use derivatives such as options, futures and swaps to protect the value of underlying investments or to gain 'synthetic' exposure to the market when there has been a large inflow of cash (eg the purchase of futures contracts to gain exposure to the share market rather than holding cash while waiting to find stocks to buy at an attractive price). The trustee does not invest in derivatives directly.

Investment managers are chosen by the trustee and reviewed from time to time. The trustee has received the risk management statements of each investment held.

## Investment objectives

The specific investment objective for the Aon ERF is to achieve a crediting rate (net of all indirect fees) with a 0.5% outperformance of the Consumer Price Index (CPI) over rolling three-year periods.

This strategy aims to limit the probability of a negative return (net of all indirect fees) to one in any five years.

## Asset allocation

Asset class	30 June 2010	30 June 2011
Cash	10.3%	10.3%
Australian fixed interest	35.4%	33.9%
International fixed interest	24.0%	23.6%
Australian shares	15.4%	16.3%
International shares	14.9%	15.9%

## Investment returns

The unit prices change according to the investment earnings (or losses) attributed to the Aon ERF. So each time the unit price changes, the investment earnings (or losses) are automatically reflected in your account balance.

## Investment performance

The Aon ERF's earning rate (after tax, investment and management fees) for the year ended 30 June 2011 was 1.34% pa. Net crediting rates for the past five years and the compound average net crediting rate for five years are shown in the table below.

Year ended 30 June	Actual net crediting rate
2011	1.34%
2010	3.84%
2009	-2.75%
2008	-6.8%
2007	3.8%
Compound average net crediting rate for five years to 30 June 2011	-0.21% pa

## Underlying investment managers

This table shows the investments and their percentage of the Aon ERF assets at 30 June 2011.

Investment	Asset class	(\$)	% of Aon ERF assets
Russell Australian Cash Fund	Cash	8,228,855	10.3
ANZ Cash Plus Fund*	Fixed interest	8,452,199	10.6
Vanguard Australian Fixed Interest Index Fund	Fixed interest	18,610,988	23.3
Vanguard International Fixed Interest Index Fund (Hedged)	Fixed interest	18,837,974	23.6
Vanguard Australian Shares Index Fund	Shares	12,958,146	16.3
Vanguard International Shares Index Fund (Hedged)	Shares	4,890,210	6.1
Vanguard International Shares Index Fund	Shares	7,811,312	9.8

\* The ANZ Cash Plus Fund invests in credit and asset-backed securities and has been classified by the Aon ERF as 'fixed interest'.

# FINANCIAL SUMMARY

This is a summary of the Aon ERF's financial statements for the year ended 30 June 2011. The full audited financial statements are available, including the audit report. If you would like a copy please call us.

Financial movement for the 2010/11 year (\$)	
Opening balance at 1 July 2010	81,397,089
<b>Money received</b>	
Net investment income	5,688,235
Contributions	11,895
Transfers and rollovers	8,150,796
Other	1,714
<b>Total revenue</b>	<b>13,852,640</b>
<b>Money paid out</b>	
Benefits paid	7,600,084
Administration costs	4,801,405
Management fees	238,455
Surcharge tax	(844)
Income tax expense	(47,615)
Sundry expenses	9,813
<b>Total expenses</b>	<b>12,601,298</b>
<b>Closing balance at 30 June 2011</b>	<b>82,648,431</b>

Net assets at the end of the 2010/11 year (\$)	
<b>Assets</b>	
Investments	81,390,415
Cash at bank	984,443
Other receivables	1,118,405
<b>Total assets</b>	<b>83,493,263</b>
<b>Payments due (liabilities)</b>	
Benefits payable	–
Fees payable	830,654
Other amounts payable	14,178
Provision for income tax	–
<b>Total payments due (liabilities)</b>	<b>844,832</b>
<b>Net assets at 30 June 2011</b>	<b>82,648,431</b>

# MORE INFORMATION

## Protection of benefits

All member account balances in the Aon ERF are protected from administration fees and charges exceeding investment earnings. Administration fees charged to members in each reporting period generally cannot exceed investment returns credited to member accounts. Administration fees include entry fees, the annual member fee and exit fees but not taxation or investment management costs.

In addition, it should be noted that in the event that the Aon ERF experiences negative earnings, administration fees may be charged, provided the apportionment of those costs between members is carried out in a 'fair and equitable' manner as prescribed by the superannuation regulations. The investment strategy minimises the likelihood of such negative investment returns.

## Surcharge

The surcharge tax was abolished for contributions made after 1 July 2005. This will not, however, affect any existing or previous surcharge tax liability you may have incurred. The surcharge may also apply if you have not provided your tax file number to the trustee.

## Unclaimed super

If your benefit in the Aon ERF becomes unclaimed super it may be transferred to the Australian Taxation Office (ATO).

An amount payable to a member of an eligible rollover fund is considered unclaimed super if it meets the following criteria:

- ↳ you have reached the eligibility age (65 years, or older if so prescribed by the superannuation fund's governing rules)
- ↳ after a period of five years since our last contact with you, we have made a reasonable effort to contact you again and have not been able to locate you.

In addition, death benefit payments, temporary residents' payments and payments under \$200 may be treated as unclaimed monies and transferred to the ATO in some circumstances—see the ATO website [ato.gov.au](http://ato.gov.au) for more information.

## Indemnity insurance

The trustee has the benefit of professional indemnity insurance cover to protect the trustee, its directors, and the Fund.

## Trust deed and significant events

The Aon ERF was established by a trust deed dated 16 December 2003 which has been amended from time to time. The trust deed has not been amended during the financial year ended 30 June 2011. There were no significant events noted during that financial year.

Effective at 1 December 2010, the member fees for balances under \$500 reduced from \$30 pa to \$17.52 pa.

## Privacy Policy

We are committed to ensuring the confidentiality and security of your personal information. We will only collect, use and disclose this information for the purposes of processing and administering your accounts and providing services to you, unless otherwise required by law. We are bound by the Privacy Act 1988 and the National Privacy Principles, as regulated by the Federal Privacy Commissioner, to protect such information from misuse and loss, unauthorised access, modification and disclosure.

You can obtain a copy of the trustee's Privacy Policy and Management Plan, or the Privacy Policy Statement, from the Privacy Officer.

## Trustee Board

The trustee of the Aon ERF is Aon Superannuation Pty Limited. The trustee directors during the year were:

- Frank Argent
- Stewart Fotheringham
- Steven Gaffney
- Paul Mazoudier—Chairman and non-executive trustee director
- Mike Murphy
- Bruce Robertson—non-executive trustee director.

## Non-executive trustee directors

Non-executive directors have no business dealings or affiliations that could pose a conflict of interest in their role as directors of Aon Superannuation Pty Limited.

The Board exercises a 'duty of care' on behalf of members of the Aon ERF and maintains their best interests in its decision-making and strategy process.

## Complaints resolution

The trustee has an established procedure for dealing with member complaints about the operation and management of the Fund. Complaints should be made in writing to the Complaints Officer, Aon ERF, PO Box 1949, Wollongong NSW 2500. The trustee will consider and respond to your complaint within 90 days, but may take more than 90 days in the case of difficult or complicated complaints.

The trustee is obliged to advise you of the decision within 30 days of the decision being made. If you have made a complaint and you are dissatisfied with the decision of the trustee, you may have a right to lodge a complaint with the Superannuation Complaints Tribunal (SCT).

If the SCT accepts your complaint, it will try to help you and the trustee to reach a mutual agreement through conciliation.

For more information on this process, you can contact the SCT on 1300 884 114, or in writing to Locked Bag 3060, Melbourne Vic 3001.

## Compliance

The Aon ERF is administered at all times to comply with provisions contained in the Superannuation Industry (Supervision) Act 1993 and Regulations, the Corporations Act 2001 and Regulations, and other superannuation laws.

Various supervisory functions are carried out by the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investments Commission (ASIC) and/or the Australian Taxation Office (ATO).

No penalties have been imposed on the Aon ERF and/or the trustee for any kind of non-compliance during the 2010/11 year. The trustee is not aware of any matter that would cause the Aon ERF to lose its complying status, and expects to continue to comply with all relevant legislation.

# DIRECTORY

## **Aon Eligible Rollover Fund**

PO Box 1949  
Wollongong NSW 2500  
Phone 1300 880 588  
Fax 1300 267 582  
ABN 54 338 733 881

## **Administrator**

Aon Hewitt Limited (with majority of  
administration services outsourced to  
Superannuation Administration Corporation —  
trading as Pillar Administration)  
ABN 48 002 288 646  
AFSL 236667

## **Trustee**

Aon Superannuation Pty Limited  
ABN 83 057 982 822  
AFSL 237465

## **Privacy Officer**

Aon Superannuation Pty Limited  
GPO Box 534  
Sydney NSW 2001

## **Auditor**

KPMG  
ABN 51 194 660 183

## **Custodian services**

BNP Paribas Funds Services Australasia Pty Ltd  
ABN 71 002 655 674  
AFSL 241080

**Contact us**

Email [contactaon@pillar.com.au](mailto:contactaon@pillar.com.au)  
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