



**AON**



**AON ELIGIBLE ROLLOVER FUND  
ANNUAL REPORT 2015**

[erf.aon.com.au](http://erf.aon.com.au)

# ABOUT THE AON ELIGIBLE ROLLOVER FUND

The Aon Eligible Rollover Fund (Aon ERF) is a public offer superannuation fund.

The sole purpose of the Aon ERF is to be a temporary repository for amounts transferred to the Fund from other regulated superannuation funds. These amounts are generally lost, inactive or small accounts.

The Aon ERF cannot accept any contributions. If you would like information about how to consolidate your superannuation and be able to make contributions, please contact us on 1300 880 588.

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 viewed on request to the trustee.

No penalties have been imposed on the Aon ERF or the trustee for non-compliance during the 2014/15 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 us](mailto:contactaon@pillar.com.au) at **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 No 236667) and issued by Aon Superannuation Pty Limited (ABN 83 057 982 822 AFSL No 237465) as trustee of the Aon Eligible Rollover Fund (ABN 54 338 733 881).

# INVESTMENT PORTFOLIO

## Investment aims and strategy

The investment aim of the Aon ERF is to reduce volatility of returns. This is achieved by investing predominantly in fixed interest and cash, with a moderate allocation in shares to enhance the potential for the Aon ERF 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 return of at least 0.25% pa above inflation (after fees and taxes) over rolling three-year periods.

The risk rating of the Aon ERF investment is 2 (low) with an estimated number of negative annual returns (after fees and taxes) of 0.5 to less than 1 over any 20-year period.

## Asset allocation

Asset class	30 June 2014	30 June 2015
Cash	10.0%	10.0%
Australian fixed interest	35.9%	34.1%
International fixed interest	24.2%	23.1%
Australian shares	14.9%	15.0%
International shares	15.0%	17.8%

## 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 return (after tax, investment and management fees) for the year ended 30 June 2015 was 3.6%. 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
2015	3.6%
2014	6.2%
2013	5.5%
2012	3.0%
2011	1.3%
Compound average net crediting rate for five years to 30 June 2015	3.9% pa

## Underlying investment managers

This table shows the investments and their percentage of Aon ERF assets at 30 June 2015.

Investment	Asset class	(\$)	% of Aon ERF assets
Russell Australian Cash Fund	Cash	6,685,973	10.0
Vanguard Australian Fixed Interest Index Fund	Fixed interest	22,783,800	34.1
Vanguard International Fixed Interest Index Fund (Hedged)	Fixed interest	15,444,565	23.1
Vanguard Australian Shares Index Fund	Shares	10,018,864	15.0
Vanguard International Shares Index Fund	Shares	8,749,739	13.1
Vanguard International Shares Index Fund (Hedged)	Shares	3,151,116	4.7

# FINANCIAL SUMMARY

This is a summary of the Aon ERF's financial statements for the year ended 30 June 2015. The full audited financial statements and audit report are available. If you would like a copy please contact us.

Financial movement for the 2014/15 year (\$)	
<b>Opening balance at 1 July 2014</b>	<b>71,857,299</b>
<b>Money received</b>	
Net investment income	5,370,942
Contributions	100,288
Transfers and rollovers	4,917,257
Other	2,479
<b>Total revenue</b>	<b>10,390,966</b>
<b>Money paid out</b>	
Benefits paid	10,527,926
Administration costs	2,379,016
Professional fees	332,604
Surcharge tax	–
Income tax expense	119,094
Sundry expenses	11,560
<b>Total expenses</b>	<b>13,370,200</b>
<b>Closing balance at 30 June 2015</b>	<b>68,878,065</b>

Net assets at the end of the 2014/15 year (\$)	
<b>Assets</b>	
Investments	66,834,057
Cash	1,348,675
Receivables	1,280,963
<b>Total assets</b>	<b>69,463,695</b>
<b>Payments due (liabilities)</b>	
Benefits payable	–
Fees payable	234,896
Other amounts payable	350,734
Provision for income tax	–
<b>Total payments due (liabilities)</b>	<b>585,630</b>
<b>Net assets at 30 June 2015</b>	<b>68,878,065</b>

# CORPORATE GOVERNANCE

## The trustee

The trustee of the Aon ERF, Aon Superannuation Pty Limited, holds an Australian Financial Services Licence (AFSL No 237465) and a Registrable Superannuation Entity Licence (RSEL No L0000437) issued by APRA. The trustee is also authorised by APRA to issue a MySuper product (Identifier No 68964712340201) (see the [Aon Master Trust website](#)).

Through its board of directors, the trustee is responsible for the Aon ERF's strategic direction, compliance with legislation, regulations and superannuation prudential standards, as well as adherence to its trust deed and rules.

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.

## Trustee board

The trustee directors during the year were:

- Trevor Allen—-independent director (appointed to the board in January 2015)
- Frank Argent
- Steven Clarke
- Jennifer Dean
- Paul Mazoudier—-independent director and chairman
- Michael Murphy
- Bruce Robertson—-independent director (retired from the board in December 2014)
- Janice Sengupta

As Aon Superannuation Pty Limited does not employ any staff, all of the directors are 'non-executive' as defined in the superannuation prudential standards. Three of the directors are currently employed by Aon Hewitt and two directors meet the prudential standards' definition of 'independent'.

For profiles of each of the current directors, please go to [About us](#) at erf.aon.com.au

## Governance framework

To align its strategic member focus and prudential compliance responsibilities, the trustee has established a governance framework that:

- is driven by its objectives and strategic intent
- guides the trustee's governance practices in respect of investment, insurance management and operations
- incorporates a board governance program and risk management framework, and
- defines the allocation of management responsibilities.

The trustee has also developed a number of policies to help the directors implement and manage this governance framework.

For more information on the trustee's governance framework and policies, go to [About us](#) at erf.aon.com.au

## Sub-committees

The trustee has established Audit, Compliance and Risk Management, Investment, and Operations sub-committees to assist with the running of the Aon ERF. Each sub-committee has its own charter outlining its responsibilities and delegated authorities.

## 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 2014/15 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.

## Indemnity insurance

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

## Trust deed changes and significant events

The Aon ERF was established by a trust deed dated 16 December 2003 which has been amended from time to time. There were no deed amendments or significant events during the financial year ended 30 June 2015.

## Privacy Policy

Aon is committed to protecting your personal information in accordance with the Australian Privacy Principles under the Privacy Act 1988 (Cth). We collect, use and disclose personal information to offer, promote, provide, manage and administer the many financial services and products we and our group of companies are involved in, as set out in the Aon Privacy Notice. In order to do this, we may also share your information with other persons or entities who assist us in providing or promoting our services as set out in the Aon Privacy Notice. Further information about our privacy practices can be located in the [Aon Australia Group Privacy Policy Statement](#). You may also gain access to your personal information, or modify your privacy preferences, by contacting your Aon representative or our Privacy Officer through the means set out in the Aon Privacy Notice.

You can obtain a copy of the Privacy Policy or the Aon Group Privacy Policy Statement by writing to the Privacy Officer at Aon Superannuation Pty Limited, GPO Box 534, Sydney 2001 or by visiting our website.

## Trust documents

Your benefit statement and [Product Disclosure Statement](#) contain important information about your personal benefits and the Aon Eligible Rollover Fund. You are entitled to request further information including the trust deed and rules, the latest audited accounts and auditor's report, and risk management statements.

For copies of these documents, or if you want more information about your benefits, please contact us.

## Complaints resolution

The trustee has an established procedure for dealing with member complaints about the operation and management of the Aon ERF. 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.

# MORE INFORMATION

## Protection of benefits

Up to 30 June 2015\*, all member account balances in the Aon ERF were protected from administration fees and charges exceeding investment earnings. Administration fees charged to members in each reporting period generally could not 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.

\* The Government removed the requirement for member benefit protection from 1 July 2013. The trustee has ceased protecting member benefits in the Aon ERF from 1 July 2015.

## 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).

The following are regarded as unclaimed super:

- ⌵ Accounts of members who have reached age 65 where:
  - the member is uncontactable, and
  - the account has been inactive for at least two years.
- ⌵ Lost super accounts that:
  - have a balance under \$2,000<sup>†</sup> and have been inactive for five years, or
  - have a balance under \$2,000<sup>†</sup> and the member is uncontactable, or
  - are unidentifiable and have been inactive for 12 months.

Death benefit payments and temporary residents' payments may also be regarded as unclaimed monies.

See the ATO website [ato.gov.au](http://ato.gov.au) for more information on unclaimed super.

<sup>†</sup> The Government has proposed to increase this threshold to \$4,000 from 31 December 2015, and then to \$6,000 from 31 December 2016. At date of publication of this annual report, the proposal has been passed by both Houses and is awaiting Royal Assent.



# 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 No 236667

## **Trustee**

Aon Superannuation Pty Limited  
ABN 83 057 982 822  
AFSL No 237465

## **Privacy Officer**

Aon Superannuation Pty Limited  
GPO Box 534  
Sydney NSW 2001

## **Investment managers**

Russell Investment Management Ltd  
ABN 53 068 338 974  
AFSL No 247185

Vanguard Investments Australia Ltd  
ABN 72 072 881 086  
AFSL No 227263

## **Auditor**

KPMG  
ABN 51 194 660 183

## **Custodian services**

BNP Paribas Funds Services Australasia Pty Ltd  
ABN 71 002 655 674  
AFSL No 241080



### Contact us

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