

AON ELIGIBLE ROLLOVER FUND

Product Disclosure Statement

Issued on 1 September 2014 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

About this Product Disclosure Statement (PDS)

This PDS is a summary of the main features of Aon Eligible Rollover Fund (Aon ERF). You should consider this PDS prior to making a decision about the Aon ERF. Further information including documents and forms are available on our website erf.aon.com.au.

The information contained in this PDS about the Aon Eligible Rollover Fund is general in nature and should not be relied on as advice (personal or otherwise) because your personal needs, objectives and financial situation have not been considered. Before deciding whether Aon Eligible Rollover Fund is right for you, please consider this PDS or contact us to speak to an adviser.

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About the Aon Eligible Rollover Fund

The Aon ERF was established in December 2003 as a public offer superannuation fund, designed to be a temporary repository for amounts transferred to the fund. Aon ERF aims to reunite members with their lost super and encourage them to consolidate their super benefits into their nominated 'active' super account. As an eligible rollover fund, the Aon ERF cannot accept contributions from members or spouses.

As of 31 March 2014, Aon ERF had over 35,000 members and approximately \$71 million in funds under management.

The Aon ERF is managed by Aon Superannuation Pty Limited, an approved trustee regulated by the Australian Prudential Regulation Authority (APRA) and authorised by APRA to offer an eligible rollover fund. Aon Superannuation Pty Limited ('the trustee') is a wholly-owned subsidiary of Aon Hewitt Limited, part of the Aon group of companies.

More information about Aon ERF, including our privacy policy, is available at our website erf.aon.com.au.

Our trustee and board disclosure information is available at erf.aon.com.au/erf_about.htm.

How super works

Superannuation is a long-term investment with a number of tax advantages that encourage people to save for their own retirement rather than rely on the age pension.

Contributing to super

For most people your employer must contribute an amount into your super. This is known as the Superannuation Guarantee (SG).

As an eligible rollover fund, the Aon ERF is subject to certain restrictions. The Aon ERF cannot accept contributions on behalf of members, other than rollovers from other super funds, SG short-fall amounts, or Superannuation Holding Account (SHA) amounts from the Australian Tax Office (ATO).

Benefits of investing in super

The Government provides tax advantages and other incentives to invest in super:

- ↳ concessional tax rate on employer contributions put into super and on investment earnings in super
- ↳ the Government co-contribution if you make after-tax contributions and earn under a certain limit
- ↳ tax-free benefits paid to members over age 60.

Depending on your circumstances there may be a number of other options available to you to make your super more tax effective.

Are there any restrictions on super?

The Government has set some restrictions on investing in super. For example:

- ↳ there are limits on the amount you can contribute to super each year
- ↳ in most circumstances you will not be able to access your super benefit until you reach your 'preservation' age.

Want to know more?

You can find further information about superannuation on the Australian Securities and Investments Commission (ASIC) website moneysmart.gov.au or the Australian Taxation Office website ato.gov.au/super.

Contact us

Aon Eligible Rollover Fund
PO Box 1949, Wollongong NSW 2500
Phone 1300 880 588 Fax 1300 267 582
Email contactaon@pillar.com.au

Benefits of investing with the Aon Eligible Rollover Fund

The Aon ERF offers a number of benefits:

- no entry fees
- investment management is carried out by expert managers and their performance is regularly reviewed by the trustee
- access to our customer service team who can help members with tracking down any lost super and getting their super together in the one place.
- access to our website erf.aon.com.au for all the forms and other useful information to help you understand your super
- members' benefits are retained in a superannuation environment and therefore continue to receive concessional taxation treatment.

The Aon ERF also helps members consolidate their benefits by accepting the following amounts from trustees of other funds and the Australian Taxation Office (ATO):

- SG shortfall amounts
- small account balances that are uneconomical to leave within an approved deposit fund or superannuation fund
- any superannuation lump sum payments payable to an individual prior to the age of 65.

Members bear all investment risk associated with the Aon ERF. As a result, if a member leaves the Aon ERF within a few years of joining, they may get back less than the amounts paid in because of the level of investment returns earned, taxation and other permitted charges. If members would like advice about whether this product is suitable, we recommend they speak to a licensed financial adviser.

Risks of super

Risk can be simply defined as the possibility that an outcome will be different to the outcome expected. Like any investment, there are risks of investing in super and it's important to understand what these risks are.

Investment risk

Risk is an inevitable part of investing. Even money sitting in the bank isn't entirely without risk. All investors face a number of investment risks. The four main types of investment risk are:

- **market risk**—the chance that the value of your investment may be different to your expected return. Returns are not guaranteed and you may lose some of your investment. The actual level of returns will vary and future returns may be different to past returns

- **inflation risk**—the chance that the value of your money won't keep pace with inflation and that you could lose some of the purchasing power of your investment over time
- **interest rate risk**—refers to fluctuations in the cost of borrowing, as well as the danger that fixed interest investments will lose value if interest rates rise
- **liquidity risk**—the chance that an asset cannot be readily sold at a reasonable price (ie the asset is illiquid). Some assets (including direct property and some alternative investments) are, by their nature, illiquid. Other assets can become illiquid because of extreme market conditions
- **sequencing risk**—the risk that the sequence of returns could materially erode your retirement savings. For example, significant negative returns just before retirement could materially erode the value of your investment. Even someone with many years until retirement may find their investment significantly eroded by a sequence of negative returns.

Each investment carries its own level of risk depending on the asset allocation of the investment. Strategies which contain a higher level of growth assets may expect higher levels of returns in the long term. However they can also be expected to have greater volatility over the short term including significant falls and rises.

Other risks

Other risks that need to be considered include:

- the level of contributions into super, combined with investment returns, may not be enough to provide you with the level of income you expect in retirement
- insufficient insurance to cover you and your beneficiaries if something happens to you
- changes in superannuation laws may affect how and when you can access your super.

What is your acceptable level of risk?

The level of risk that is acceptable to each person will vary depending on a range of factors, including:

- your age
- investment timeframe of when you expect to draw down on your investment
- where other parts of your wealth are invested
- your risk tolerance.

The trustee has in place a risk management framework which identifies the risks specific to the Aon ERF and outlines strategies and controls to ensure that all risks are managed in line with the overall objectives of the Fund.

How we invest your money

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 managers are chosen by the trustee and reviewed from time to time.

Investment, performance and risk information is also available at erf.aon.com.au/erf_invest.htm.

Aon ERF investment

Description— Invests predominantly in defensive assets including Australian and international fixed interest and cash with some exposure to shares. Intended to be suitable for those who can tolerate an occasional negative return.

Objective— To achieve a return of at least 0.25% pa (after fees and taxes) above inflation over rolling three-year periods.

Suggested minimum timeframe— Not applicable.

Investment strategy— Invests 20-40% of the portfolio in growth assets and typically 70% in defensive assets.

Risk/return profile— Relatively low returns but with less volatility.

Standard risk measure—2 (Low)

Strategic asset allocation—The asset allocations shown below are current targets and ranges. Actual allocations may vary.

	Target%	Range%
Australian share	15	0-30
International shares	15	0-30
Property	0	0-30
Alternative – Growth	0	0-15
Total growth	30	20-40
Alternative – Defensive	0	0-20
Australian fixed interest	36	0-60
International fixed interest	24	0-60
Cash	10	0-60
Total defensive	70	60-80

Investment management fee—0.50% pa.

Performance fee—Nil

Investment performance

The Aon ERF was established in December 2003. Net crediting rates for the past five years (after tax, investment and management fees) and the five-year compound net crediting rate are summarised in the table below. The net earning rate may not be the same as the rate credited to members because of the effect of charges by the Fund.

Benefits are not guaranteed. The value of a member's investment may rise or fall. Past crediting rates are not an indicator of future crediting rates.

Year ended 30 June	Year ended 30 June
2014	6.2%
2013	5.5%
2012	3.0%
2011	1.3%
2010	3.8%
Compound average net crediting rate (annualised) for 5 years to 30 June 2014	4.0% pa

Inflation and how it is measured

Inflation is the rate of increase in prices over time. The most commonly used measure of inflation is the rate of change in the Consumer Price Index (CPI)* which is published by the Australian Bureau of Statistics. The CPI measures the price of a 'basket' of goods and services which account for a high proportion of general household expenses (eg. Groceries, clothing, transport, and housing expenses).

The Aon ERF investment objective is to provide an investment return that exceeds inflation by at least 0.25% pa over rolling three-year periods.

* The trustee uses the Consumer Price Index (All Groups) for the eight capital cities published by the Australian Bureau of Statistics (ABS 6401.0).

Labour standards and environmental, social or ethical considerations are not taken into account by the trustee, and are not, to the knowledge of the trustee, taken into account by the investment managers used.

! DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (moneysmart.gov.au) has a superannuation fee calculator to help you check out different fee options.

Fees and costs

This section shows fees and other costs that you may be charged. You can use this information to compare fees and costs between different super funds. Fees and costs can be paid directly from your account or deducted from investment returns.

You should read all the important information about fees and costs because it is important to understand their impact on your investment. Fee definitions are available at erf.aon.com.au/erf_faq.htm.

All fees and costs will be shown on your annual benefit statement, or your exit statement if you leave the Fund.

Increases or alterations in fees

Fees may change over time. If we increase any fee (other than for indexation increases) we will notify you at least 30 days before we increase the fee.

Aon Eligible Rollover Fund		
Type of fee	Amount	How and when paid
Investment fee Investment management fee	0.50% pa	Deducted from the assets of the Fund and included in the calculation of unit prices.
Administration fees Asset administration fee	1.90% pa	Deducted from the assets of the Fund and included in the calculation of unit prices.
Member fee* <ul style="list-style-type: none"> ↳ account balances less than or equal to \$500 ↳ account balances greater than \$500 	\$17.52 pa \$30.00 pa	Deducted monthly directly from your account balance.
Buy-sell spread	Nil	Not applicable to the Fund
Switching fee	Nil	Not applicable to the Fund
Exit fee Withdrawal fee* <ul style="list-style-type: none"> ↳ for ATO transfer payments ↳ for other withdrawals 	\$13.80 \$41.24	Deducted from each amount you withdraw from your account.
Advice fees	Nil	Not applicable to the Fund
Other fees and costs <ul style="list-style-type: none"> ↳ Member protection fee (estimate for the year ending 30 June 2015) ↳ Activity fees <ul style="list-style-type: none"> > Family law valuation fee* 	0.32% On request	See <i>Additional explanation of fees and costs</i> section on next page.
Indirect cost ratio (ICR)	2.72% pa	

* Fee may be indexed each 1 July in line with changes in the Average Weekly Ordinary Time Earnings (AWOTE) index.

Example of annual fees and costs for Aon Eligible Rollover Fund

The table below gives an example of how the fees and costs in the Fund can affect your superannuation investment over a 1-year period. You should use this table to compare this product with other super products.

EXAMPLE — Aon ERF		BALANCE OF \$50,000
Investment fee	0.50% pa	For every \$50,000 you have in Aon ERF you will be charged \$250 each year.
PLUS Administration fees	1.90% pa + \$30 pa	And , you will be charged \$980 each year.
PLUS Indirect costs: Member protection fee (estimate)	0.32%	And , you will be charged approximately \$160 (Note: this fee will cease from 1 July 2015)
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of approximately \$1,390 for Aon ERF.

Note: Additional fees may apply. **And**, if you leave the Fund you may also be charged an exit fee of \$41.24.

Additional explanation of fees and costs

Member protection

The trustee has a policy to protect accounts with small balances from erosion by administration fees. The trustee calculates a member protection fee at each 30 June. This is an indirect cost and is included in the net crediting rate. The fee represents the cost of protecting small balance accounts.

Only the member fee and withdrawal fee are subject to member protection, which means these fees will only be charged in full if the investment return is enough to cover them during the year. Where the investment return is less than these fees, a reduced member fee and/or withdrawal fee will apply.

Member protection does not apply to the investment fee, asset administration fee, or other transaction-based costs (such as the family law valuation fee).

In the event the Fund experiences a period of negative returns, the member and withdrawal fees may still be charged, but the trustee will apportion the fees on a 'fair and equitable' basis as prescribed by super regulations.

The trustee estimates that the member protection fee will be 0.32% for the year ending 30 June 2015. Due to the Government removing the requirement for member benefit protection, the member protection fee will cease to be charged in the Aon ERF from 1 July 2015.

Indirect Cost Ratio (ICR)

An indirect cost is any amount that reduces your investment return. Indirect costs are measured by the ICR, which is the ratio of total indirect costs to the net assets of the Fund.

ICR includes the investment fee **PLUS** asset administration fee **PLUS** member protection fee **PLUS** any additional deductions determined from time to time by the trustee.

Note: Fees deducted directly from your account (such as the member fee) are not included in the ICR.

Family law valuation fee

Under family law legislation, an 'eligible person' may obtain certain information about a member's super account. An eligible person includes a member of the Fund, their spouse, or a person contemplating a superannuation agreement with a member, eg. a fiancé. The trustee is entitled to charge a reasonable fee for information and/or valuations. A fee of \$200 per family law valuation is charged to the person who requests it, at the time the request is made.

Please note that if someone other than the member makes an application, we are prevented by legislation from informing the member.

Family law and superannuation can be complex, so we recommend you and your spouse seek financial and legal advice before considering splitting superannuation assets.

Buy/sell spreads

Currently, the trustee does not charge a buy/sell spread on the Aon ERF investment but reserves the right to introduce spreads at any time with a 30-day written notice.

Independent fund managers managing the underlying investments may charge the Fund buy/sell spreads which represent the transaction costs incurred when assets are bought or sold. This cost is reflected in the investment performance of the Aon ERF.

Tax deduction

Most of the fees paid by members are tax deductible to the Fund. The Fund passes on the benefits of these tax deductions to members via the crediting rate.

Goods and Services Tax (GST)

All fees charged to members are inclusive of GST.

How super is taxed

Super can be a tax-effective way for you to save. Tax may be deducted at various times throughout your time in the Fund.

When you make a contribution to the plan

The Aon ERF does not accept contributions other than rollovers which are not taxed unless they come from an 'untaxed' source.

On your investment earnings

Complying superannuation funds are taxed on investment earnings at a lower rate than most types of investment. Tax of up to 15% is deducted from investment earnings of the Fund.

When your super is paid to you

No tax is paid on any tax-exempt component of your benefit. Tax may be payable on the taxable component of your benefit depending on your age at the time of withdrawal.

- ↘ under age 55: 20% plus Medicare levy*
- ↘ aged 55 to 59: first 180,000[†] tax-free and the remainder taxed at 15% plus Medicare levy*
- ↘ aged 60 or over: tax-free.

* The Medicare levy increased to 2.0% on 1 July 2014.

[†] Indexed annually in line with average weekly earnings (as measured by changes in the AWOTE index).

Rollovers to another complying super fund are generally not subject to tax.

For the latest tax information, see the Australian Tax Office website ato.gov.au/super.

Tax on death benefits

Tax payable on death benefits varies according to who the recipient of the benefit is 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 financially dependent on you or in an interdependency relationship with you.

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

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

Tax on permanent incapacity benefits

If you are under age 60 and become permanently incapacitated, the part of the benefit based on service completed to the date of disablement is taxed as an ordinary lump sum.

The part of the benefit that relates to projected service from the date of 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 satisfies the criteria below, you may be eligible to receive your super benefits even if you are still employed.

You may be eligible if:

- ↘ you suffer from an illness or have incurred an injury that could result in death within a 12 month period
- ↘ two registered medical practitioners (one must be a specialist practicing in an area related to your illness or injury) certify that, despite reasonable medical treatment, it is likely that you have less than 12 months to live.

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

Providing your tax file number (TFN)

The trustee must request your TFN under the provisions of the *Superannuation Industry (Supervision) Act 1993*. You are not obliged to supply your TFN but, if you do, you will:

- ↘ be entitled to concessional rates of tax on your benefit
- ↘ aid the smooth transfer of benefits when you roll over from one fund to another
- ↘ make it easier to locate or consolidate any lost or unclaimed super you may have.

! IMPORTANT

- ↘ You should provide your TFN when you acquire a superannuation product.
- ↘ There will be tax consequences if you don't provide your TFN.
- ↘ Taxation laws may change over time. For the latest information, call the Australian Taxation Office on **13 10 20**, visit ato.gov.au/super or talk to a financial adviser.

How to open an account

As an eligible rollover fund, the Aon ERF is designed to accept benefits transferred from complying super funds, approved deposit funds and retirement savings accounts.

The Aon ERF accepts member benefits from the trustee of the Aon Master Trust and trustees of other super funds for categories of people who have become ineligible for membership of their fund due to failing to meet minimum account requirements of their current fund or becoming lost (see *Lost members* below for details).

WHAT TRUSTEES SHOULD DO NEXT

If, after reading this PDS, you have decided to use the Aon ERF for the transfer of member accounts, you should:

Apply for the issue of memberships

An applying trustee should complete an *Application form for trustees* available on our website erf.aon.com.au.

Return the completed form to:

Aon ERF, PO Box 1949, Wollongong NSW 2500.

Contributions

The Fund can accept rollovers from any other complying superannuation funds. The Aon ERF can also accept employer SG-shortfall amounts and unclaimed super guarantee payments from the ATO's Superannuation Holding Account (SHA).

Aon ERF does not accept member personal contributions.

Lost members

The Aon ERF will accept lost member benefits. A lost member is generally someone who is uncontactable, has not received any super contributions or rollover amounts for them in the last 5 years, or transferred from another super fund as a lost member (because no address was held for them or they had returned mail) and where no new address has been found for them.

Privacy

Your *Welcome kit* also contains information on our privacy practices including how we collect, use, and disclose your personal information. You can also view the *Aon Australia Group Privacy Policy Statement* at aonmastertrust.com.au

Changing your personal details

You must ensure we have your current information on record to participate in the ATO's *SuperMatch* service (see next page for more information) or to receive member communications. Where necessary, we may request proof of identity documents to verify your details. To obtain a *Change member details and options* form, call us on **1300 880 588** or go to our website erf.aon.com.au.

Anti-money laundering

We may need to verify your identity before you can transact on your account (such as making a withdrawal or changing your account details) in compliance with our obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)*.

Complaints resolution

The Aon ERF has a procedure for dealing with member complaints. Complaints should be made in writing to the Inquiries Officer, Aon Master Trust, PO Box 1949, Wollongong NSW 2500.

The trustee will consider and respond to your complaint within 90 days (final resolution may take longer than 90 days). The trustee will advise you of any decision within 30 days of the decision being made.

If you are dissatisfied with the decision of the trustee, you may have the right to lodge a complaint with the Superannuation Complaints Tribunal (SCT). The SCT is an independent body that reviews trustee decisions relating to members. You can contact the SCT by phone on 1300 884 114 or write to Locked Bag 3060, Melbourne VIC 3001.

If the SCT accepts your complaint it will try to resolve it by conciliation. If this is not successful, the SCT will make a determination that is binding on all parties.

Other important information

Communicating with members

The trustee will provide you with an:

- ✎ annual member benefit statement showing the current balance of your account and any transactions that have taken place over the period. This includes the amount of fees and charges deducted from your account during the period.
- ✎ annual report (available on the website in the 2nd half of each year). The annual report has information on the Fund's investment performance, management and financial condition.

Unclaimed monies

Unclaimed money is a superannuation amount that is payable to a fund member where that member:

- ✎ cannot be contacted and is deemed 'lost', and
 - > the balance is under \$2,000, or
 - > the account has been inactive for a period of at least 12 months, or
- ✎ has reached the eligibility age of 65 years, and
 - > is eligible for a benefit that is payable immediately from the fund,
 - > no contributions or rollovers have been received to the account within the last 2 years, and
 - > after a period of 5 years since the fund last had contact with the member, the super fund has been unable to contact the member again, after making reasonable efforts.

Unclaimed money is also an amount payable in respect of a member of the fund if:

- ↘ the member has died, and
 - > the account has been inactive for a period of at least 2 years, or
- ↘ the member was a temporary resident, and
 - > at least 6 months has passed since the later of the visa ceasing to be in effect or the member leaving Australia, and
- ↘ the fund is unable to ensure that the benefit will be received by the person who is entitled to the benefit.

The trustee will make all reasonable attempts to locate the member or in the case of a death benefit, the member's beneficiaries. In the event that it is unable to locate them, the trustee will pay the benefit to the Australian Taxation Office (ATO). You will still be able to reclaim your money from the ATO at any time. See the ATO website ato.gov.au/super for more information.

How we help you find your lost super

We regularly do an automatic search of the ATO's records for lost or unclaimed monies held by Aon ERF members. This search is carried out using the ATO's *SuperMatch* service. Members can opt out of this search by calling us on **1300 880 588**, emailing us at contactaon@pillar.com.au or writing to us at the address on the back cover.

Making financial decisions?

If you do not have an adviser or you'd like advice on your superannuation or comparing financial products, call us on **1300 880 588**.

Cooling-off period

Cooling-off rights do not apply to members in Aon ERF.

Payment of benefits

The Aon ERF will pay or transfer a benefit following the receipt of a superannuation benefit transfer or payment request form from you.

The benefit payable will comprise total amounts paid or transferred to the Fund on your behalf plus any investment earnings less expenses and tax. You can download the form from erf.aon.com.au or call us on **1300 880 588**.

Benefits in the event of death

In the event of your death, your dependants or legal representative may make an application for payment of your death benefit.

You can change your death benefit nomination at any time by completing a *Change member details and options* form available at our website erf.aon.com.au.

For more information on planning your affairs in the event of your death, see the factsheet *Estate Planning* available at aonmastertrust.com.au.

How benefits are paid

Subject to the preservation rules outlined below, all benefits are paid as a lump sum.

Preservation and accessing your super

Superannuation is a long-term investment, therefore, in most cases, access to your super is restricted until you retire or 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 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.

Contact us

Email contactaon@pillar.com.au

Phone 1300 880 588

Fax 1300 267 582

Aon Eligible Rollover Fund – PO Box 1949, Wollongong NSW 2500

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