

AON ELIGIBLE ROLLOVER FUND

Product Disclosure Statement

Issued on 6 November 2017

About this Product Disclosure Statement

This Product Disclosure Statement (PDS) is a summary of significant information about investing in the Aon Eligible Rollover Fund ABN 54 338 733 881 (Aon ERF, the fund) and has been prepared by Aon Hewitt Limited ABN 48 002 288 646 as sponsor and administrator of the fund.

The trustee is Equity Trustees Superannuation Limited ABN 50 055 641 757 AFSL 229757 RSE Licence L0001458. The trustee is authorised by the Australian Prudential Regulation Authority (APRA) to offer an eligible rollover fund and is the issuer of this PDS. References in this PDS to 'we', 'us', and 'our' are references to the trustee. There is a reference to a separate document containing standard definitions for fees which also forms part of this PDS.

The information contained in this PDS 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 the fund is right for you, please consider this PDS or contact us to speak to an adviser.

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1. 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. The fund aims to reunite members with their lost super and encourage them to consolidate their super benefits into their nominated 'active' super account. The fund has a single diversified investment strategy with the aim of reducing volatility of returns.

More information about the fund including Annual Reports and updates are available at our website erf.aon.com.au

Our trustee and board disclosure information is available on the website at eqt.com.au/corporate-and-employer-super/etsl-registrable-superannuation-entity-disclosures.

2. 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 fund is subject to certain restrictions. The fund cannot accept contributions on behalf of members, other than rollovers from other super funds.

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

Contact us

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

3. Benefits of investing with the Aon Eligible Rollover Fund

The fund 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 and track down your super
- members' benefits are retained in a superannuation environment and therefore continue to receive concessional taxation treatment.

The fund also helps members consolidate their benefits by accepting monies from trustees of other funds:

- small account balances below the stipulated minimum in those funds
- any super lump sum payments payable to an individual prior to the age of 65.

Making financial decisions?

If you don't have an adviser or you'd like advice on your super or comparing products, call us on **1300 880 588**. We can put you in touch with an adviser if you need one.

4. Risks of super

Like any investment, there are risks of investing in super and it's important to understand them. You need to consider risk in the context of whether you will have enough money to fund your retirement, and you should also consider the risk that you may lose money.

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

Investment risk

Your super can be invested in a range of asset classes, each carrying different levels of risk. Asset classes include shares, property, fixed interest, and cash. Investment returns are not guaranteed, and past returns are not an accurate predictor of future returns. Five main types of investment risk are:

- **market risk** — investment markets might move suddenly causing the value of your investments to rise or fall. Investments with the highest long-term returns may also carry the highest level of market risk in the short-term.
- **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 money over time.
- **interest rate risk** — refers to fluctuations in the cost of borrowing, as well as the danger that fixed interest investments will lose market 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 a sequence of negative investment returns could erode your retirement savings. Your account balance is likely to be at its largest when you approach retirement, and large negative returns at this time would have a larger impact in dollar terms than if they were to happen when you're just starting out at a younger age.

Other risks to consider

- The amount of contributions you make into super, even after good investment returns, may not provide enough income in retirement. In fact there's a real possibility you could outlive your retirement savings. This is called longevity risk.
- Whether you have enough insurance to cover your family's needs if something happens to you.
- Changes in super laws and tax laws may affect how and when you can access your super, and the tax effectiveness of it.

The trustee has a risk management framework which outlines strategies and controls to ensure that risks are managed consistently with the objectives of the fund.

5. 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.

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 performance

The fund was established in December 2003. Net crediting rates for the past five years (after tax, indirect costs, investment fees and asset administration 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	Net crediting rate
2017	2.8%
2016	2.8%
2015	3.6%
2014	6.2%
2013	5.5%
Compound average net crediting rate (annualised) for 5 years to 30 June 2017	4.2% 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)*. 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 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.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

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.

6. 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. We will provide updates at erf.aon.com.au or by notifying you in writing, depending on the nature of the change. For example, if we increase any fee (other than fluctuations in indirect costs) we'll notify you at least 30 days before the change.

Aon Eligible Rollover Fund		
Type of fee	Amount	How and when paid
Investment 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:		
> account balances less than or equal to \$500	\$17.52 pa	Deducted monthly directly from your account balance.
> account balances greater than \$500	\$30.00 pa	
Buy/sell spread	Nil	Not applicable to the fund
Switching fee	Nil	Not applicable to the fund
Exit fee		
Withdrawal fee:		Deducted from each amount you withdraw from your account.
↳ for ATO transfer payments	\$13.80	
↳ for other withdrawals	\$41.24	
Advice fees	Nil	Not applicable to the fund
Other fees and costs		
Activity fees:		
↳ Family law valuation fee	On request	See <i>Additional explanation of fees and costs</i> section on next page.
Indirect cost ratio (ICR)*	0.07% pa	Reflected in the daily unit price and may vary daily depending on the costs incurred in investing the assets of the fund.

* Indirect costs are estimates and may vary from year to year. The latest information is available on our website erf.aon.com.au. We will provide detailed information of fees and indirect costs for the previous financial year in our *Annual report*.

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*	0.07%	And , \$35 in indirect costs
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of approximately \$1,265 for the product.

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

* Indirect costs are reflected in unit prices and not deducted directly from your account. They are estimates and may vary from year to year.

Additional explanation of fees and costs

Indirect Costs

An indirect cost is any cost (that is not the investment fee and asset administration fee) that reduces your investment return and is not deducted directly from your account.

Indirect costs are measured by the indirect cost ratio (ICR), which is reflected in the unit price, along with the investment fee and asset administration fee. The ICR is the ratio of the total of the indirect costs to the total average net assets of the fund.

The fund invests in wholesale managed funds which may buy and sell securities and invest in specialist funds to gain access to certain markets or expertise. Along the way, transaction costs are incurred which are reflected in your investment return. These indirect costs are not paid to us. Indirect costs vary from year to year and can include:

- ↘ Performance-related fees
- ↘ Brokerage and derivatives costs on trading activity
- ↘ Settlement costs

The latest fee information is available at erf.aon.com.au

Family law valuation fee

Family law legislation comes into play if you separate or divorce from your spouse partner. Family law can be complex so we recommend that you and your spouse seek financial and legal advice before considering taking any action with your superannuation.

We are entitled to charge a reasonable fee for handling family law requests for information. A fee of \$200 is charged for valuation requests, charged to the person requesting the information at the time the request is made.

Buy/sell spreads

Currently the trustee does not apply buy/sell spreads on the Aon ERF. Spreads are usually applied to recover transaction costs incurred by managers of the fund's underlying investments when they buy or sell assets (eg shares). Currently, these costs are reflected in the unit prices.

The trustee reserves the right to introduce buy/sell spreads at any time by providing you with 30 days advance notice.

Tax deduction

Administration fees are tax deductible to the fund. The fund passes on the benefits of this tax deduction to members via a credit to member accounts on or around 30 June each year. Fees in this PDS are shown gross of (or before) the benefit of any tax deduction claimed by the fund.

Goods and Services Tax (GST)

All fees charged to members are inclusive of GST, and shown net of reduced input tax credits (RITCs).

7. How super is taxed

Super can be a tax-effective way for you to save for retirement. Generally, your super can be taxed on the way into the fund, on your investment earnings, or in certain circumstances, when you take your money out.

When you make a contribution

The fund does not accept contributions other than rollovers from other super funds. Rollovers are not taxed unless they come from an 'untaxed' source.

On investment earnings

In super, your investment earnings are taxed at a lower rate than most other types of investments. Tax of up to 15% is deducted from earnings of the fund.

When your super is paid to you

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

- ↳ under preservation age: 20% (plus Medicare levy), or your marginal tax rate, whichever is lower
- ↳ preservation age to age 59: first \$200,000* tax-free and the remainder taxed at 15% (plus Medicare levy)
- ↳ aged 60 or over: tax-free.

* Indexed annually each 1 July in line with AWOTE in increments of \$5,000 (rounded down)

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

For the latest tax information, visit 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.

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're under 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're 60 or over the benefit is tax-free.

Terminal illness

If you suffer from an illness or injury that could result in death within a 24-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 don't meet any other preservation requirements. Your benefit will be tax free.

Providing your tax file number (TFN)

We must request your TFN under the provisions of the law *Superannuation Industry (Supervision) Act 1993*. You don't have 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 for us to locate or consolidate any lost or unclaimed super you may have.

! IMPORTANT

- ↳ You'll pay additional tax if we don't have your TFN.
- ↳ Tax laws may change over time. For the latest information, call the Australian Taxation Office on **13 10 20** or visit ato.gov.au/super

8. 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 fund only accepts transfers of superannuation benefits from other super funds where those members have become ineligible for membership due to failing to meet minimum account requirements or becoming 'lost' members (see below).

If a trustee of a super fund decides to use the Aon ERF for the transfer of member accounts they should complete and return the *Application form for trustees* available on the website at erf.aon.com.au/erf_trusteeform.htm

Rollovers and contributions

The fund only accepts rollovers from other super funds. The fund does not accept any other contributions, including amounts from the ATO.

Lost members

The fund can accept lost member benefits from other super funds. A lost member is someone who is uncontactable, has not received any super contributions or rollover amounts 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.

Privacy

The fund is subject to a privacy statement to protect your personal information. The trustee's privacy statement is available at eqt.com.au/global/privacystatement

You can view the *Aon Australia Group Privacy Policy Statement* at erf.aon.com.au/erf_privacy.htm

Cooling-off period

Cooling-off rights do not apply to members in the fund.

Complaints

We take complaints very seriously and will do our best to make things right. Please put your complaint in writing to Enquiries Officer, Aon Eligible Rollover Fund, PO Box 1949, Wollongong NSW 2500. We'll consider and respond to your complaint within 90 days (final resolution may take longer than 90 days), and we'll advise you of any decision within 30 days of the decision being made.

9. Other important information

Communicating with members

We will provide you with:

- ↘ A letter confirming your membership in the fund.
- ↘ An annual member benefit statement showing the current balance of your account and any transactions that have occurred over the period. This includes any fees and charges deducted from your account.
- ↘ An annual report on the fund's investment performance, management and overall financial condition. We'll publish the report on the website erf.aon.com.au after the end of the financial year

Repatriations to your active super account

Where we find that you have another active super fund account with us, we will automatically transfer your benefit to that account and let you know when this is complete.

Unclaimed monies

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

- ↘ cannot be contacted and is deemed 'lost', and
 - > the balance is under \$6,000, 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 last contact with the member, the 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. For more information see the website ato.gov.au

10. Payment of benefits

The fund will pay or transfer a benefit following the receipt of a *Benefit transfer or payment request* form from you, available at our website erf.aon.com.au

The benefit payable will comprise total amounts paid or transferred to the fund on your behalf plus any investment earnings less expenses and tax.

Benefits in the event of death

In the event of your death, your dependants or legal personal 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

How benefits are paid

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

Preservation and accessing your super

Super is a long-term investment, therefore, in most cases, access to your super is restricted until you retire or reach 'preservation age'. Most money in the super system is 'preserved'. Generally, your super money 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 24 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

An investment in the Aon Eligible Rollover Fund is neither a deposit nor a liability of Aon Hewitt Limited, Equity Trustees Superannuation Limited, nor any of their related entities and none of them guarantees your investment in the product.