



# Superannuation Update

February 2008

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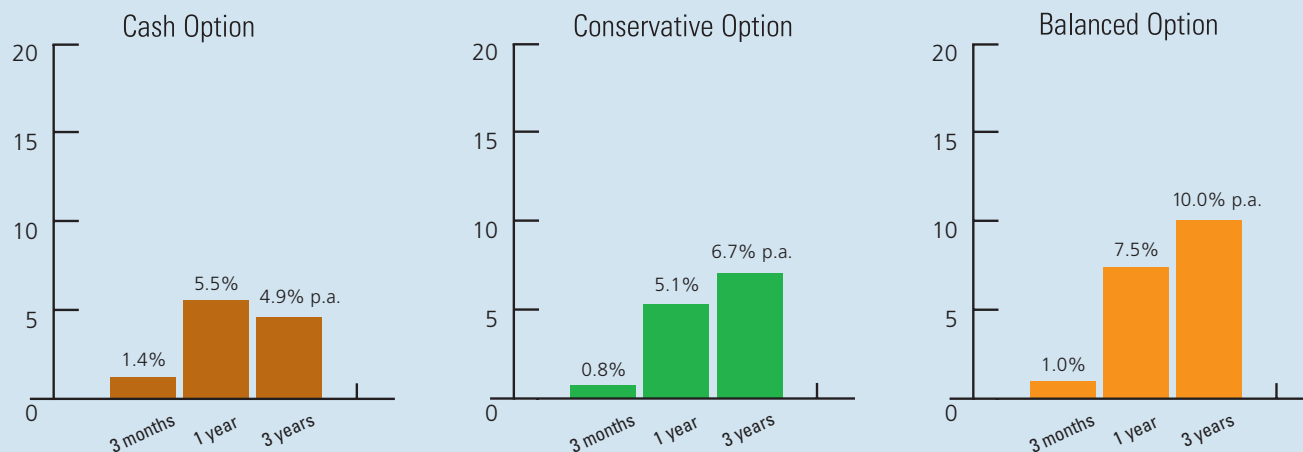
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# SUPERANNUATION UPDATE

## ► Credited Interest Rates (CIRs) – periods to 31 December 2007



Note: The Credited Interest Rates shown in the above graphs are the actual rates credited since Investment Choice was introduced from 1 April 2005. Prior to that, the rates are simulations only, based on index returns for the assets contained in each investment option. **Investment returns can go up or down. Past performance and simulations of this type may not be a reliable indicator of future performance.** These rates do not apply to Division 9 members – see the table on the right.

## ► QSP Investment Performance

For the entire Plan in aggregate, the net performance to 31 December 2007 was:

- 0.48% for the quarter;
- 8.4% for the 12 months;
- 12.9% p.a. for the 3 years.

The performance of the Plan's asset sectors (before tax) were:

### Returns to 31 December 2007

Asset Class	Quarter	Year	3 Years (p.a.)
Australian Shares	-1.5%	15.4%	22.2%
International Shares	0.0%	5.6%	14.8%
Direct Property	6.1%	22.6%	17.5%
Listed Property	-10.5%	-14.0%	9.2%
Private Capital	10.6%	39.7%	23.9%
Hedge Funds	0.9%	-3.9%	4.1%
Emerging Markets and High Yield Debt	0.6%	2.5%	7.4%
Australian Fixed Interest	-0.5%	2.3%	3.9%
Australian Indexed Bonds	2.6%	6.7%	5.7%
International Fixed Interest	2.6%	6.5%	5.3%
Cash	1.7%	6.7%	5.8%

## ► Market Shakeout: What impact?

In the month of January global stock markets recorded the worst investment performance since 1987. During the month the gross of tax investment return for Australian equities was around -11% and for international equities (unhedged) was around -9%. Within the month the markets were very volatile.

Because the Plan has diversified its investments across a range of asset classes, the impact of the poor equity performance is less severe. For January, the Plan earned around -6% after tax (an estimate based on current market indexes).

This poor investment performance follows a sustained period of strong investment performance. At the end of January, and despite this poor performance, the Plan remains in a healthy financial position. The Plan's Actuary has confirmed that at 31 January 2008 there are more assets than needed to pay the benefit to members, should they all voluntarily cease employment at that date.

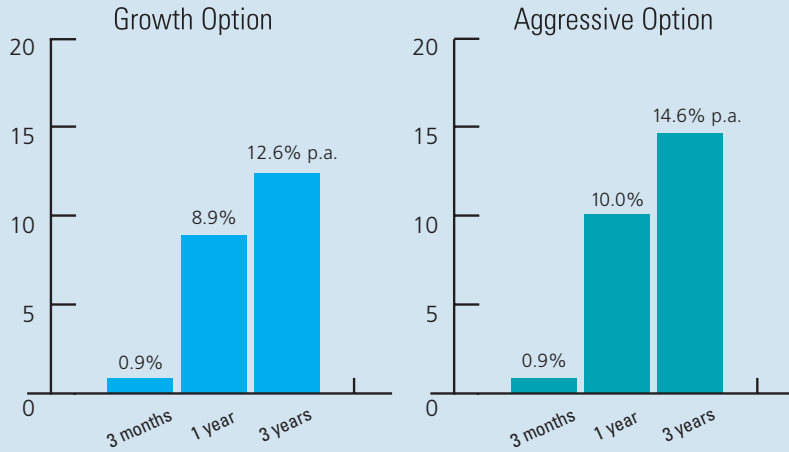
This investment performance will not impact on members with defined benefits as these are not related to investment performance.

However, the investment performance will impact on the quarterly Credited Interest Rates which will next be declared as at 31 March 2008 and which are applied to accumulation balances. These rates will also include the investment performance during February and March.

As always, it is the long term investment performance of the Plan over the period of a member's membership that is important in ultimately determining the amount of an accumulation benefit. For example, if the poor return for January is added to the three years performance to 31 December 2007, then the average annual return for the period remains at around 10% p.a. (for the Growth Option).

## Important note

The items in this newsletter have been provided for information only. Any decisions you may make on any of these matters should have regard for your personal circumstances and tax position, and we strongly recommend you seek financial planning advice to assist you making decisions about your options in the Plan.



The CIRs since 1 July 2007 have been:

### All Divisions except Division 9

Quarter ending	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option
30 Sep 07	1.35%	1.66%	1.63%	1.36%	1.15%
31 Dec 07	1.39%	0.79%	0.95%	0.87%	0.88%

### Division 9

Quarter ending	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option
30 Sep 07	1.61%	1.95%	1.88%	1.54%	1.27%
31 Dec 07	1.69%	0.99%	1.16%	1.05%	1.06%

## ► New Salary Sacrifice Option

Following a request by the Company the Trustee has resolved to amend the Trust Deed. This amendment will allow the Plan to accept contributions for defined benefits on a pre-tax or salary sacrifice basis rather than as after-tax contributions which is the only option at present. The defined benefit contributions covered by this amendment are the mandatory member contributions in Division 1, Division 2, Division 3 and Division 4.

The salary sacrifice option will be available to membership groups as notified by the Company. At the time of publishing this newsletter, the Company has advised that this option will be available to employees covered by the Australian Services Union and the FAAA (Long Haul Flight Attendants).

More information on this option will be made available to members in the next few weeks and regularly updated on the website.

## ► New Website Features

A number of new website features are now available to members. These include:

**Benefit Quotations.** You can access your leaving service benefit quotation in real time, including the value of your leaving service benefit at today's date, the tax implications, and the preserved and unpreserved components;

**Member Investment Choice Switches.** You can now make MIC switches on-line; and

**2007 Member Statements.** A PDF of your 30 June 2007 annual benefit statement is available.

To access these features you need to check in to the member area on the left hand side (top) of the web home page using your PIN number. Check in tips are available at the bottom left of the web home page.

## ► Changes to Member Trustee

At the Trustee meeting of 13 December 2007, the Trustee appointed Mr Peter Furness as the member-elected Director for Group E (Airline Officers' Award (Levels 5-9), SPGs, Professional Engineers and Executives).

Mr Furness replaces Ms Nicola Warwick-Mayo who resigned from this role with effect from 30 November 2007. In accordance with the Regulations and Procedures for the Selection and Removal of Trustee Directors, Mr Furness was appointed because he obtained the second highest number of votes at the recent election for this position. The Trustee would like to thank Nicola for her contribution as a Director.

## ► Concessional Contributions

From 1 July 2007, new rules applied to contributions to the Plan, and maximum levels of pre-tax (concessional) contributions and post-tax (non-concessional) contributions were introduced. These limits were described in the "Simplified Super – 2007" newsletter distributed in 2007. A copy of this newsletter is available on the Plan website under Documents/Newsletters.

For 2007/08, a limit of \$50,000 applies for concessional contributions for most members, although for members aged 50 or more on 30 June 2008, the 2007/08 limit is \$100,000. This is a transitional limit that will cease from 30 June 2012. All contributions made by the Company for and on behalf of members to support superannuation benefits are now counted as concessional contributions. The following are counted towards the concessional limits:

1. Notional Taxed Contributions (NTCs), which represent the value of defined benefits provided from the Plan; and

2. Other contributions which are made by the Company, such as the payment of fees or insurance costs.

Certification setting out the NTCs and other contributions has now been received by the Plan. The Plan will be sending information to all members regarding these contributions in the next two or three weeks.

## ► About Surcharge

Surcharge was a tax which applied to the company contributions of certain high income earners prior to 1 July 2005. Each year the ATO determined who was required to pay surcharge tax and notified the Plan of the amount to be paid for each affected member. The Plan then paid the surcharge tax to the ATO, and the benefits were reduced accordingly.

In order to adjust benefits, a Surcharge Account was established for each member. Each amount paid to the ATO for a member was debited to their Surcharge Account, which also accrued interest.

When a benefit becomes payable, the balance in the Surcharge Account is deducted. At any time members may make voluntary after-tax contributions to reduce or eliminate their Surcharge Account.

From 1 July 2005, surcharge ceased. This means that:

- No contributions made after 1 July 2005 are liable for surcharge. Therefore there should be no further debits (other than interest) to Surcharge Accounts. Note that any late surcharge assessments for contributions prior to 1 July 2005 or surcharge debits transferred to the Plan following the transfer of other monies into the Plan could result in further surcharge debits, but these are expected to be rare;
- Unless a member has fully repaid their Surcharge Account, the Surcharge Account will remain. Interest will continue to accrue at the Credited Interest Rate of the relevant member investment choice option, and the balance will be deducted from benefits; and

- Members still have the opportunity to reduce or eliminate the Surcharge Account at any time by making voluntary contributions to this account.

To make a lump sum (after-tax) contribution to the Surcharge Account, the 'Voluntary Contribution Advice Form – Lump Sum' can be used. This form is available from the Plan's website under Forms, and the Surcharge Account should be nominated. Note that as the Surcharge Account accrues interest each day, there may be a small residual balance left if the current balance is fully repaid.

## ► New Anti-Money Laundering Requirements

The security of member benefits in the Plan is a key priority for the Trustee and the Plan has a range of procedures in place to manage risks associated with fraud and other illegal activities.

Following the introduction of the Anti-Money Laundering (AML) and Counter-Terrorism Financial (CTF) Act 2006, the Trustee has developed an AML/CTF program for the Plan to identify, mitigate and manage the risk of the Plan being used to launder money or finance terrorism. The main impact on members is the new customer identification and verification process. This requires a person to provide suitable proof of identity before being paid a benefit or commencing an income stream.

We do not anticipate that these procedures will cause great inconvenience to members. More information on the identification and verification process will be available on the website.

These initiatives are important steps in maintaining the security of the Plan, protecting member entitlements, and complying with the law.

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