



# SPECIAL NEWSLETTER

JUNE 2008

Qantas Superannuation Plan

This special Newsletter provides important information about:

- MIC switching
- Minimum Death Benefits
- Changes for Ordinary Time Earnings

## Enhancement to Member Investment Choice (MIC) - Monthly Switching

With effect from 30 May 2008, the Trustee has approved a change to allow switching of MIC options on a monthly basis.

This change is a result of increased member requests for added flexibility in the frequency of MIC switching.

Previously, MIC switches were effective from the first day of the quarter following the receipt of a switch request. From 30 May 2008, all MIC switches will be effective from the first day of the month following receipt of the request.

All other aspects of the MIC arrangements will not change:

- the MIC Option chosen will continue to apply to all relevant accounts;
- the Credited Interest Rates will reflect your MIC Option chosen, are not guaranteed, and may be positive or negative;
- there is no limit on the number of switches that can be made during a year;
- there will be no fees or charges made to members for switching;
- there will be no change to the accounts which are eligible for investment switching; and
- the Growth Option will remain the default option.

If you wish to change your MIC Option you can either complete an MIC Option Notification Form or enter your new MIC Option online via the secure members area of the website. A copy of the MIC Option Notification Form is available in the 'forms' section of the Plan's website [www.qantassuper.com.au](http://www.qantassuper.com.au).

Your decision regarding your MIC Option is important. The Trustee recommends that before you act on any information contained in this document or the Product Disclosure Statement, or change your superannuation arrangements, you seek professional advice from a licensed financial advisor.

## Minimum Death Benefits from 1 July 2008

From 1 July 2008 minimum death cover is required to be provided for funds which are used as the "default" fund under Choice of Fund legislation.

The death benefits from the Plan are, in nearly all cases, expected to exceed these minimum cover requirements. However, to ensure that this requirement is met, a minimum calculation is performed and the death benefit increased if necessary.

For most members this requirement will have no impact. However, there will be some changes for members in Division 3A.

### Minimum Death Benefits for members of Division 3A

Some members of Division 3A who transferred from Australian Airlines in 1995 already have some additional insurance cover. The new minimums do not apply to these members as their cover already meets the minimum requirements. The new cover does apply to the other Division 3A members who currently have no insurance cover above their account balances.

#### New Death Benefit for Division 3A

From 1 July 2008 the new death benefit will comprise two parts:

- The resignation benefit. This equals the balance of all member accounts and was the death benefit up to 30 June 2008; plus
- A new Insured Benefit.

The new Insured Benefit is as follows:

Age at date of death	Insured Benefit
35 or less	\$50,000
35 to 39	\$35,000
40 to 44	\$20,000
45 to 49	\$14,000
50 to 55	\$7,000
56 or more	nil

#### Example:

A member dies at age 42 with an account balance of \$30,000. The new death benefit payable would be:

Benefit	Amount
Resignation Benefit	\$30,000
Insurance Benefit	\$20,000
Death Benefit	\$50,000

#### Death Benefit (Age 56 and Over)

If a Division 3A member dies on or after age 56, their Dependents or estate will receive a lump sum equal to the account balances only.

## Cost of the new Insurance Benefit

The cost of the new Insurance Benefits will be 50 cents per week. This amount will be deducted from the Productivity Account, commencing from 1 August 2008. This deduction is made on 30 June each year, or on leaving the Plan.

More details about the Insurance Benefit is contained in the new Product Disclosure Statement for Division 3A members which will be available from the Member section on the Plan's website [www.qantassuper.com.au](http://www.qantassuper.com.au) from July 2008.

## Changes for Ordinary Time Earnings

Since 1992, to meet their superannuation obligations, the Company has been required to provide superannuation which meets the minimum legislated requirements. At present this is 9% of Superannuation Salary (as defined in the Trust Deed).

The Company meets these minimum requirements in two ways:

- For members with defined benefits, a minimum benefit (as certified by the Actuary) which meets the minimum requirement is calculated and if this exceeds the normal benefit then the higher benefit applies. The minimum benefit is rarely expected to be higher than the normal benefit; and
- For accumulation members, the company contributions are sufficient to meet the minimum superannuation requirement.

From 1 July 2008, the salary definition used to determine the minimum level of superannuation support has changed to Ordinary Time Earnings, and the minimum level of superannuation is 9% of Ordinary Time Earnings.

To ensure that the Company meets this requirement:

- For members with defined benefits, the minimum benefit (as certified by the Actuary) will be adjusted to reflect this new salary definition for minimum benefits that accrue from 1 July 2008; and
- For accumulation members, the salary used for contributions will be varied to meet the new minimum superannuation requirements.

In particular, from 1 July 2008 the change in Superannuation Salary will have the following impact for accumulation members:

- A new definition of Superannuation Salary will apply. Superannuation Salary will be greater of the current definition of Superannuation Salary and Ordinary Time Earnings;
- Company contributions will remain at no less than 9% of the new Superannuation Salary definition ;
- The new Superannuation Salary definition will apply to insurance benefits, such as death and total and permanent disablement benefits, where they are calculated using Superannuation Salary; and
- Deductions, for insurance and administration (where relevant) will continue to be made, but based on the new Superannuation Salary definition.

Further information on these changes is available from the Plan on **1300 654 384**.

## DISCLAIMER

This information has been prepared to provide a summary of the superannuation changes for the Plan, and should be read in conjunction with the Product Disclosure Statement for the Plan. It does not represent advice, nor does it provide full details of items that are not relevant to the Plan. It should not be relied on to make financial decisions, nor should it replace advice from a suitable qualified financial advisor.