



# INVESTMENT UPDATE FOR MARCH 2006 QUARTER



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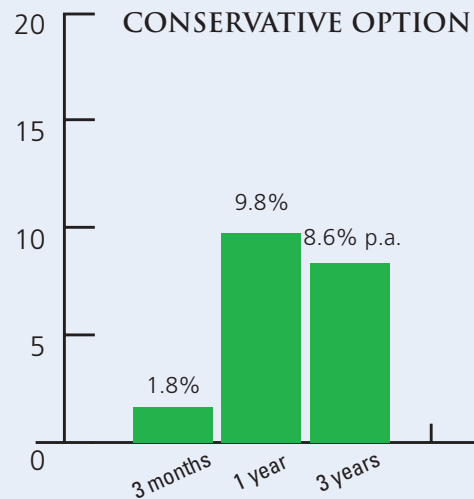
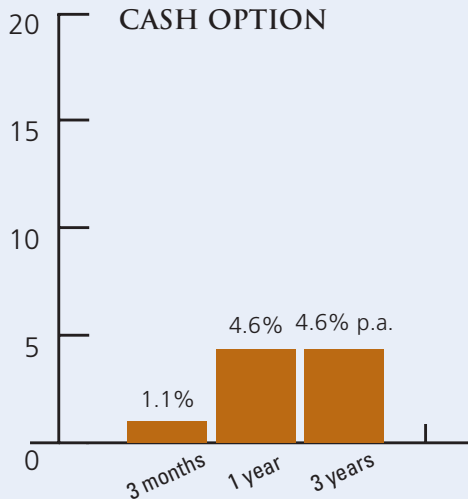
**Plus Budget news!**



# INVESTMENT UPDATE

FOR THE 3 MONTHS TO 31 MARCH 2006

## CREDITED INTEREST RATES



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 simulation 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.**

## MARKET UPDATE

Recent performance by the Plan's asset sectors (before tax) were as follows:

Asset Class	Quarter	Year	3 Years (p.a.)
Australian Equities	▲ 9.0%	31.6%	28.2%
International Shares	▲ 8.8%	31.9%	18.8%
Direct Property	▲ 2.5%	13.1%	11.2%
Listed Property	▲ 8.0%	23.4%	18.4%
Private Capital	▲ 4.5%	23.1%	17.2%
Hedge Funds	▲ 5.9%	13.3%	n/a
Emerging Markets and High Yield Debt	▲ 1.0%	12.0%	n/a
Australian Fixed Interest	▲ 0.9%	6.9%	5.5%
Australian Indexed Bonds	▼ -0.3%	6.5%	6.3%
International Fixed Interest	▼ -0.8%	4.5%	6.7%
Cash	▲ 1.3%	5.2%	4.9%

Investment returns for the Plan continued to be consistently strong across most asset sectors in the March quarter, other than Australian Indexed Bonds and International Fixed Interest. Over 12 months returns were consistently strong over all asset sectors.

In aggregate, the investment performance of the entire Plan was:

- 5.3% after tax for the quarter to 31 March 2006; and
- 20.3% after tax for the last 12 months.

## CREDITED INTEREST RATES

The Credited Interest Rates (CIRs) since 1 July 2005 have been:

Quarter ending	Cash Option	Conservative Option	Balanced Option	Growth Option	Aggressive Option
30 Sep 05	1.15%	2.50%	4.40%	5.86%	6.94%
31 Dec 05	1.15%	2.27%	3.04%	3.68%	4.15%
31 Mar 06	1.05%	1.83%	3.67%	5.24%	6.42%

These CIRs do not apply to Division 9 members. CIRs for Division 9 members are contained on the website.

## LOOKING FORWARD

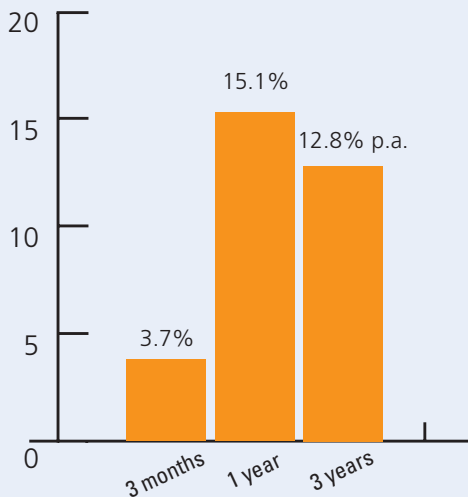
In recent periods the investment returns of the Plan have been very strong. But it was not that long ago that the Plan's investment return was negative. For example:

- The Plan earned -5.3% for the year to 30 June 2002; and
- The 5 year average return for the Plan to 30 June 2005 was only 5.1% p.a..

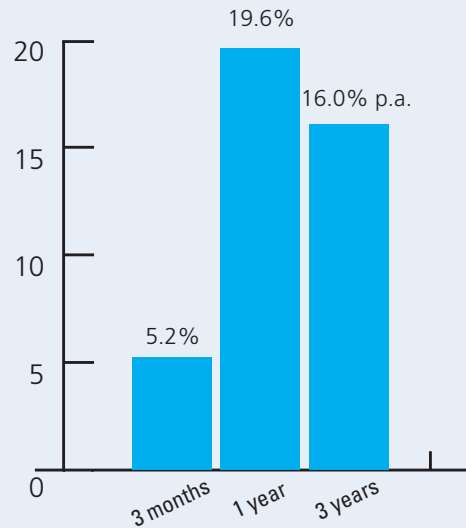
## IMPORTANT NOTE

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 would strongly recommend you seek financial planning advice to assist you making decisions about your options in the Plan.

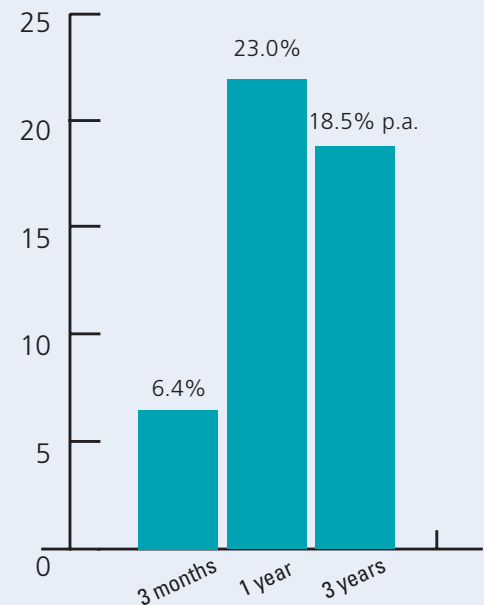
### BALANCED OPTION



### GROWTH OPTION



### AGGRESSIVE OPTION



Members should always remember that the long term expected returns are much lower than have recently been achieved, and that returns can be volatile (despite the recent consistency!). More information about these items were contained in the 30 September 2005 newsletter, a copy of which can still be found on the Plan website. **We strongly encourage you to review this material regularly.**

## SPLITTING OF CONTRIBUTIONS

As mentioned in the December newsletter, you will soon be able to "split" certain contributions made to the Plan by you, or on your behalf.

In particular, after 1 July you will be able to apply for contributions made between 1 January 2006 and 30 June 2006 to be transferred to an account for your spouse. The contributions you may split will include all voluntary member contributions and all salary sacrifice contributions.

To facilitate these transfers, the Trustee is developing forms, updating Product Disclosure Statements and developing explanatory materials for the Website.

## DIVISION 11 HAS BEEN EXTENDED FOR SPOUSE ACCOUNTS

If you and your spouse wish to retain split contributions in the Plan, you may establish a Spouse Account in Division 11.

Any contributions made by you or your spouse directly to the Spouse Account, or any contributions transferred under the splitting regulations, will accumulate with interest. Your spouse will have the choice of which investment option will apply.

No direct expense deductions are made to Spouse Accounts. Investment costs are deducted from returns when determining the Credited Interest Rates as is currently the case for all members. Certain minimum balances and contribution levels apply in Division 11. More information about Spouse Accounts is contained in the Division 11 Product Disclosure Statement on the Plan's website [www.qantassuper.com.au](http://www.qantassuper.com.au).



# UPDATE

QANTAS SUPERANNUATION PLAN

## NOTE FOR ALLOCATED PENSIONERS – DIVISION 9

From 1 July 2006, the factors used to determine the maximum and minimum amounts of annual income for Allocated Pension members will change. Details of these new factors will shortly be available on the Plans website, and in a new Product Disclosure Statement to be available shortly.

## ACTUARIAL INVESTIGATION COMPLETED

The Actuary to the Plan has completed his actuarial investigation of the Plan as at 30 June 2005. These investigations are undertaken every three years to:

- assess the level of Company contributions needed to meet benefits payable from the Plan over time;
- to review the adequacy of assets to meet accrued liabilities to date, and
- to review the deductions for expenses and insurance costs made to certain member accounts

The financial position of the Plan was found to have improved since the prior investigation in 2002 and in 2005 the Plan was in a healthy financial position.

## CHANGES IN DEDUCTIONS FOR DIVISION 7 MEMBERS

In Division 7, deductions are made for the costs of expenses and insurance which are calculated using aged-based rates. From 1 July 2006 these will be varied to better reflect the death and disablement experience being observed for the Plan. At some ages these rates have increased, and at other ages they have reduced. Overall the rates were reduced.

Information about the new deductions will shortly be available on the Plans website, or from the new Division 7 Product Disclosure Statement which will also be available from the Plan website shortly.

For other Divisions where a single rate of deduction is made for all members, no changes were made.

## WELCOME TO NEW TRUSTEE

Welcome to Mr Graeme Potger who has been appointed to the Trustee Board by Qantas Airways as an employer-elected representative.

## Budget News

The 2006 Federal Budget has just announced a number of proposed changes for superannuation in Australia. These changes aim to reduce the complexity of superannuation as well as reducing the tax payable on retirement savings. In particular:

- For superannuation benefits paid from 1 July 2007, no tax will apply for pensions or lump sums paid to retirees aged 60 or more.
- The tax payable on superannuation benefits for members aged less than 60 will be streamlined.

- Reasonable Benefit Limits will be removed. As a consequence, any benefit payments in excess of these amounts will no longer have (higher) concessional tax rates applied.
- The age-based limits on contributions will be removed, and replaced with flat maximum contribution levels. These are \$50,000 for salary sacrifice and company contributions (up to age 75) and \$150,000 for after-tax member contributions. Some advance payments of after-tax contributions are permitted.

More information about these announcements is available on the "Federal Budget 2006" special newsletter, now available on the Plan's Website.