



New Fees for Deferred Benefit Members and Allocated Pensioners

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This newsletter provides you with information about changes to the fees for the Plan's Deferred Benefit members and Allocated Pensioners. These changes will take effect from 1 July 2002, although transitional arrangements will apply until 1 July 2004.

The arrangement for current UTC employees and their spouses is unchanged, and the Company continues to meet all Plan costs for these members.

Why are the Fees Changing?

After an extensive review of the Plan, the Trustee has determined that it is necessary to change the Plan's fee structure.

Currently, Deferred Benefit members under age 55 support the administration cost of the Allocated Pensioners and Deferred Benefit members over age 55 in the Plan.

The current fee structure will not support the Plan in the future, as more Deferred Benefit members with higher balances move into the over 55 age group.

In addition, superannuation law requires that the Plan's costs be distributed in a fair and reasonable manner across all members of the Plan.

These fee changes are not intended to get more fees from members. In fact, the new fee structure will reduce total fees across all members. The new fee structure will ensure that the Plan remains competitive, and that costs are fairly distributed across all members of the Plan.

Current Fees

Until 1 July 2002, the Plan fees are as follows:

- Deferred Benefit members under age 55 pay an annual fee equal to 3% of their account balance.
- No fees currently apply to Allocated Pensioners, or to Deferred Benefit members after age 55.
- Current UTC employees and their spouses pay no fees, as the Company meets the costs of providing their benefits in the Plan.

What are the New Fees?

For all Deferred Benefit members, the new fees are:

- \$52 per year, plus
- 0.5% of your account balance per year

These fees are capped to ensure that no Deferred Benefit member will pay more than \$900 per year in fees.

For Allocated Pensioners, the new fees are:

- \$52 per year, plus
- 0.65% of your account balance per year

The total minimum fee is \$300 per year, and no Allocated Pensioner will pay more than \$1,200 per year in fees.

Good News for Allocated Pensioners

From 1 July 2002, Allocated Pension accounts will be credited with a tax-free interest rate, rather than the after-tax interest rate credited to other members of the Plan. This means that your account will now earn a higher rate of interest.

Transitional rules

The change in fees will be phased in for two groups of Deferred Benefit members, according to the following transitional rules:

- 1) If you are aged 53 or 54 on 30 June 2002,

From 1 July 2002 up to age 55	New lower fees apply
If you turn 55 before 1 July 2004	Old (zero) fees apply from age 55 to 30 June 2004
From 1 July 2004	New fees apply

- 2) If you are aged 55 or over on 30 June 2002 and you became a Deferred Benefit member prior to age 55, you will continue to pay the old (zero) fees until 1 July 2004. You will then pay the new fees.

Summary of Fee Changes

- Overall, these changes mean that the total fees charged to **all** members are reducing.
- The new fees are competitive with other alternatives, including corporate and retail master trusts and industry funds.

More Information

If you have any questions about the changes, you can email your queries to UTCsuper@watsonwyatt.com.au or call the Superannuation Helpline on 1800 628 849.