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SPECIAL NOTICE TO CLIENTS

Account Based Pensions – 2010/2011

The Federal Government has belatedly announced that it will continue the option of reduced rates of pension payment for the 2010/2011 financial year.

The announcement reverses their previous decision. Its late announcement (30th June 2010) will cause confusion for fund managers and clients.

In many cases fund managers have already requested advice from clients in relation to 2010/2011 pension payments, based on their expectation that higher minimum pension levels would apply.

The pension minima for 2010/11 will now be as they have been for the past two financial years (half the normal minima):

Age Band	Minimum Pension Level 2010/11
Ages 55-64	2.0% p.a. (based on 1 st July 2010 account balance)
Ages 65-74	2.5% p.a.
Ages 75-79	3.0% p.a.
Ages 80-84	3.5% p.a.

Individual Fund Managers have not yet announced how they will respond to the changes in respect of clients who have a standing request for minimum pension, or who have recently updated their requested pension levels for 2010/11 based on the expectation of the normal (higher) minima, rather than the reduced minima.

Not all Fund Managers will adopt the same policy and individual tuning may need to be done for some clients, based on Fund Manager responses and client preferences.

Tuning During July and August

Given the lateness of the advice from Government it clearly will not be possible to make desired adjustments to client pensions immediately for all clients affected.

Until Fund Managers have determined their pension policies it will not even be possible to determine which clients require tuning.

This is not critical. As individual situations are clarified our staff will work with affected clients to tune their desired level of pension. It may mean that pension payments for July will differ from the desired level, with the adjusted levels coming into effect from August/September.

RV - 30th June 2010