

SuperNews

"Better Super"

The Government now refers to the simpler super legislation as *Better Super* and will shortly start an education campaign which will include TV advertising. The following is a brief summary of the key features of *Better Super*. If you have any questions please ring the inquiry line on 02 9235 8533.

- There is a one off opportunity to contribute **up to \$1 million dollars in after tax money into super before 30 June 2007**. From 1 July 2007 there is an annual limit on after tax contributions of \$150,000, although before age 65 contributions for two years can be brought forward, therefore the total three years' contributions of \$450,000 can be made in one year.

With effect from 1 July 2007 -

- No tax is payable on lump sum benefits taken at age 60 or over
- Pension payments will be tax free for persons aged 60 or over
- Reasonable benefit limits are abolished
- Benefits can remain in super indefinitely
- Tax on lump sums for individuals aged under 60 will have two parts - an exempt component (which will include the pre 1983 component calculated at 30 June 2007 and any after tax contributions) and a taxable component.
- Pension payments to individuals under the age of 60 will be included in the person's income and taxed at their marginal tax rate - a 15% rebate will apply for persons between ages 55 and 59.

Contribution rules (aged based limits have been removed and replaced as follows) -

- **Concessional contributions** (eg employer and salary sacrifice contributions) will be capped at \$50,000 a year. However, until 30 June 2012, persons aged 50 or over can have concessional contributions of \$100,000 pa. An individual (not the employer) will be taxed on concessional contributions over their cap (ie \$50,000 pa if under 50 and \$100,000 pa if 50 or over to 30/6/2012) at a rate of 31.5%. When added to the 15% contribution tax deducted when paid into the fund the effective rate for concessional contributions over the cap will be 46.5%.
- **Non concessional contributions** will be capped at \$150,000, although before age 65 contributions for two years can be brought forward, therefore the total three years' contributions of \$450,000 can be made in one year. Non concessional contributions over the cap will be taxed at the rate of 46.5%.

Tax file numbers

If your tax file number has not been provided to CSR Super **an additional tax of 31.5%** will generally be payable on all contributions once the contributions for the year reach \$1,000. To avoid this please provide your tax file number to CSR Super, if you are not sure if you have provided this please ring CSR Super. A form to use to quote your tax file number is available under forms on www.csrsuper.com.au or by calling CSR Super.



Net earning rates

The fund's net earning rates for the quarter ended 31 March 2007 and for the financial year to date (FYD - 1 July 2006 to 31 March 2007) were –

Option	Division Two		Division Three		Allocated Pension (Division Four) *	
	Qtr ended 31 Mar 07	FYD 1/7/06 to 31/03/07	Qtr ended 31 Mar 07	FYD 1/7/06 to 31/03/07	Qtr ended 31 Mar 07	FYD 1/7/06 to 31/03/07
High Growth	2.72%	14.26%	2.72%	14.20%	2.74%	15.09%
Moderate Growth	2.34%	11.78%	2.35%	11.84%	2.39%	12.65%
Lower Growth	1.80%	8.09%	1.68%	8.05%	1.81%	8.72%
Protected	1.35%	4.06%	1.35%	4.07%	1.49%	4.52%
Capital Secure	1.66%	5.21%	n/a	n/a	n/a	n/a

Net earning rates are after tax and indirect management costs have been deducted.

* *Division 4* is not subject to tax (negative or positive) but does receive the benefit of imputation credits on its investment in Australian shares.

Investments

Investment Commentary

Australian shares continued their strong rise in the March quarter despite a correction across global equity markets at the end of February. The Australian market resilience came from several sources. There was buoyant economic data suggesting both domestic consumer and business sentiment remains strong. A lower than expected inflation figure eased market concerns for a further rise in interest rates, and unemployment remains low. Further support came from the positive profit reporting season, delivering strong absolute earnings growth and continued merger and acquisition activity and speculation.

Overseas conditions were significantly more volatile and consequently more modest. There was an initial bout of concern at the end of February triggered by the sell-off of Chinese stocks and then again in March on fears of the broader economic implications from the credit defaults in the US sub-prime mortgage market. The unhedged international shares return was flat in Australian dollar terms, as the Australian dollar appreciation eroded total returns considerably during the quarter.

After an extended period of out-performance, the listed property trust sector retreated, incurring its first negative quarterly return in two years. Concerns over the potential for a rise in local interest rates saw investors take profits from the sector, and move funds across to the broader equity market. Fixed interest returns were subdued, but positive. Equity market turbulence along with rising mortgage delinquencies in the US prompted the resurgence of the "flight to quality" theme which supported bond markets in the second half of the quarter. The Reserve Bank of Australia held the cash rate over the quarter at 6.25%.

Superannuation funds continue to deliver strong returns over both the short and long term, driven mainly by the capital growth from equity markets. Market participants point out that equity markets will remain volatile but even so, the outlook remains favourably underpinned by prospects for continued earnings growth over the next 12 months.

Market Review*

The Australian share market (S&P/ASX 300 Accumulation Index) returned 7.0% for the March 2007 quarter and 22.0% for the 12 months to March 2007. The Fund's benchmark index for international shares, which includes an allocation to emerging markets and 50% currency hedge, returned 1.2% for the quarter and 7.8% for the 12 months to 31 March 2007.

The Fund's benchmark index for Australian listed property returned -0.9% for the quarter and 26.0% for the 12 months to 31 March 2007. The Australian bond market (UBS Warburg Australian Composite Index) returned 1.4% for the quarter and 3.7% for the year ending 31 March 2007. Cash returned 1.6% for the quarter and 6.2% for the 12 months to 31 March 2007.

* All performance returns are before tax and investment management costs.

Who manages your money?

On 21 March 2007, the Trustee signed an implemented consulting agreement with Russell Investment Management Ltd (a member of the Russell Investment Group of companies, a multi manager global fund manager).

Under the agreement Russell Investment Management Ltd manages and invests the assets of the Fund, except for the AMP Capital Secure Portfolio, the Division One unlisted property investment in Charter Hall Limited and the MonierPGH Super *Division Five* investments, and also provides asset consulting services to the Trustee. The performance of Russell Investment Management Ltd is reviewed regularly by the Trustee. The agreement is terminable by either party on giving 120 business days' notice, or at any time by the Trustee giving notice if certain events occur.

Under the implemented consulting agreement, the Fund's assets (except for MonierPGH Super) are invested in accordance with an agreed investment strategy for each option (please refer to the latest CSR Super Product Disclosure Statement on the website or ring and ask for a copy to be sent to you).

The implemented consulting agreement currently contemplates that the investment strategies are to be satisfied by the Trustee investing in products issued by Russell Investment Management Ltd or Total Risk Management Pty Limited (the trustee of the Russell Pooled Superannuation Trust). Total Risk Management Pty Limited is also a member of the Russell Investment Group of companies.

Under the implemented consulting agreement in its current form, the assets of *Division Two* and *Division Three* are to be invested in one or more of the sector "options" in the Russell PST listed in the table below. However, the Trustee reserves the right to change some or all of the investment strategies as well as the means by which those strategies are to be satisfied. In particular, the Trustee reserves the right to satisfy the investment strategies by investing in assets or financial products other than those issued by Russell Investment Management Ltd or Total Risk Management Pty Limited.

The following information is current at the time of issue. For the latest information at any time please visit www.csrsuper.com.au and look under PDS "Updates" or call CSR Super.

Asset Class	Investment
<i>Australian Equity</i>	Russell PST – Russell Australian Shares Unit
	Russell PST – Russell Australian Opportunities Unit
<i>International Equity</i>	Russell PST – Russell International Shares Unit
	Russell PST – Russell Global Opportunities Unit
	Russell PST – Russell International Shares Unit - \$A Hedged
	Russell PST – Russell Emerging Markets Unit
<i>Property</i>	Russell PST – Russell Australian Property Securities Unit
	Russell PST – Russell International Property Securities Unit –\$A Hedged
	Russell PST – Russell Australian Direct Property Unit
<i>Australian Fixed Interest</i>	Russell PST – Russell Australian Bond Unit
<i>Global Fixed Interest</i>	Russell PST – Russell International Bond Unit - \$A Hedged
<i>Hedge Fund of Funds</i>	Russell PST – Russell Alternative Strategies Unit - \$A Hedged
<i>Cash</i>	Russell PST – Russell Australian Cash Enhanced Unit

The assets of the allocated pension are invested in the Russell Growth Fund, the Russell Balanced Fund, the Russell Diversified 50 Fund and the Russell Cash Enhanced Fund.

Authorised representatives

The following persons have been authorised by the trustee of the Harwood Superannuation Fund (Harwood Nominees Pty Limited) to provide general financial product advice. The trustee is not licensed to provide personal financial product advice, which is advice relating to your own particular circumstances which may influence decisions you make.

Harwood Nominees Pty Limited's authorised representative are –

Judy Bramble
Sandra Olsen

Jean Elborn
Roslyn Ramwell

Melissa Gomes
Danielle Reay

Harini Jayewardene

Contact Details

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“1733 Superannuation Inquiries”

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Disclaimer:

Any advice provided by Harwood Nominees Pty Limited or its authorised representatives has been prepared without taking into account your objectives, financial situation or needs. You should, before acting on any advice, consider the appropriateness of the advice, having regard to your objectives, financial situation or needs. If the advice relates to investing in a superannuation product, including CSR Super, you should obtain and consider the Product Disclosure Statement for the product before deciding to invest.