

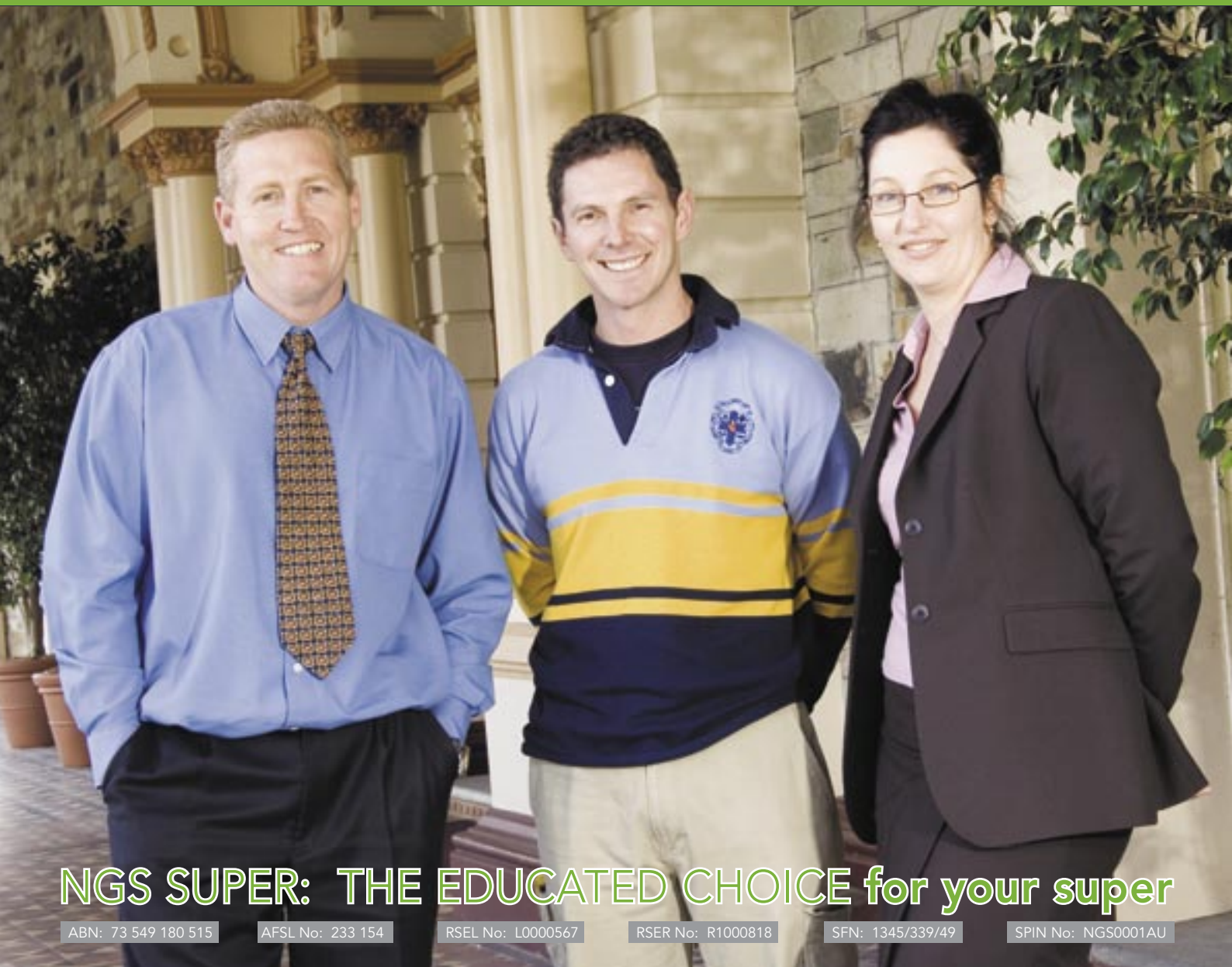


ngs super

THE EDUCATED CHOICE

Annual Trustee Report

for the year ended **30 June 2006**



NGS SUPER: THE EDUCATED CHOICE for your super

ABN: 73 549 180 515

AFSL No: 233 154

RSEL No: L0000567

RSER No: R1000818

SFN: 1345/339/49

SPIN No: NGS0001AU



GLORIA TAYLOR - CHAIR OF TRUSTEE BOARD

Report from the Chair

The strong growth of the Fund over the last year means that NGS Super is now one of the largest funds in the non-government education sector.

Dear Members and Employers

It is with pleasure that I present the 2006 Annual Trustee Report for NGS Super. This has been an exciting year for the Fund with significant growth both in members and assets. This growth puts NGS Super in a strong position to service members and employers with a very competitive super fund offering a range of services now and into the future.

The mergers of NGS Super, the Independent Schools Superannuation Trust (ISST) and the Catholic Church Staff Superannuation Fund (CCSSF) mean that we are now managing over \$2.2 billion in retirement savings for 86,985 members. We have members Australia wide and are now well on our way to our target of being the national fund for the non-government education sector.

Our Board structure has changed due to the mergers and I would like to take this opportunity to welcome the new Board members. Further information can be found on the expanded NGS Super Trustee Board on page 23 of this report.

Investment performance

NGS Super has again had a strong investment return in our most popular Diversified (default) option. The return of 13.8% is after all taxes and investment related fees have been deducted.

Superannuation is a long term investment and NGS Super has also shown strong performance over the last 5 years with the Diversified option returning 7.42% per annum and over the last 15 years, a return slightly above 10% per annum.

A good long term return from a diversified portfolio is around 7% to 10% after tax and all expenses. Returns over the past three years have been above this due largely to the very strong performance of the Australian Share

market. Such exceptional returns cannot be expected to continue and it is likely that the returns of the Diversified Option will be closer to long term averages over coming years.

Following the recent mergers, we conducted a review of the Fund's investment policy and expect that the restructured investment manager line up will deliver good relative performance into the future. The Fund is also undertaking an extensive review of its major service providers commencing with its Asset Consultants. We will provide further details of this review in an upcoming issue of the NGS News.

RSE licence

NGS Super has been granted its Registrable Superannuation Entity Licence and this should provide additional comfort to members and employers using the Fund. The Australian Securities and Investments Commission (ASIC) has also granted the extension of our AFSL Licence which is necessary to convert to a Public Offer Fund. **In simple terms this means that the Fund is now able to offer a new product called the Personal Plan so that family members and members of the wider school community can now be a part of NGS Super.**

The Trustee Board and staff of NGS Super are looking forward to another exciting year as we continue to grow and improve the services provided to members and employers.

Thank you for your continued support of NGS Super.

Gloria Taylor
NGS Super Chair

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A special thank you to the members of Sacred Heart College in South Australia for giving their time to be photographed for this Annual Report.

Disclaimer: The information provided in this Annual Report is general information only and is in accordance with the requirements as specified by law. Any recommendations, statements of opinion or financial advice in this document have been prepared without taking account of your personal circumstances, investment objectives, financial situation and needs.

Members should obtain specialist advice from a licensed financial adviser before making any changes to their superannuation arrangements or investments based on the information contained in this Annual Report. While all due care and diligence has been taken in the preparation of this Annual Report, the Trustee reserves its right to correct any errors.

Report from the CEO's desk

Increased membership and funds under management = new scale of economy benefits for NGS members.

NGS Super has grown exponentially in the past year with the membership currently at 86,985 and the funds under management at more than \$2.2 billion. It is critical that members understand that the power of numbers will work in their best interests. This provides the Fund with superior bargaining power when negotiating with our service providers and allows us to share the costs among a larger membership.

At the same time, I am acutely aware of the importance of maintaining close communication with our members and of providing continued high levels of member service.

In my view the provision of improved insurance benefits at year end will be the first tangible improvement for members as a direct result of the mergers.

Changes to your statement

As outlined in your statement covering letter, the statement format has changed due to new legislative requirements. It is important to note that our fee structure has not changed. Some of the fees listed are deducted before investment returns are calculated as they have always been in the past. As an industry fund run only to profit members, NGS Super has always sought to keep fees to a minimum.

NGS Super – awarded Platinum Rating



For 2005/2006 NGS Super received a Platinum Rating by the independent ratings agency, SuperRatings. Platinum is the highest classification and is awarded to the top 15% of funds providing the best value for money for members. It means that the Fund is well balanced across all key assessment criteria – investment returns, investment methodology, fees, insurance, administration, advisory services and corporate governance. This rating should

provide members with an assurance that their industry fund compares most favourably with other superannuation funds.

NGS Super at your school

At NGS Super we have dedicated staff that visit schools and members so I encourage you to contact our State based offices to make group or individual bookings. Our staff are keen to provide you and your colleagues with information about maximising your superannuation benefits. For example, you may like to know more about the Federal Government's Budget changes including the proposed removal of taxation on retirement benefits for members who retire after age 60 or perhaps more about the services we provide.

NGS Super - Making a lifetime of difference



As part of its mandate is to ensure that members are informed of the benefits of belonging to an industry fund, NGS has been involved in the "Lifetime of Difference" media campaign. It is important for us to communicate the message that industry funds do not pay sales commissions and are run for the sole benefit of members. After all, the size of the account balance at retirement is the primary concern of Fund members and industry funds are designed to help achieve this goal.

NGS Super is proud to be a part of this successful campaign which features the 'Compare the Pair' adverts. Part of the campaign is to conduct ongoing research on the benefits that industry super funds can provide compared to retail master trusts. The research conducted by SuperRatings and Rainmaker shows that industry super funds currently have lower average fees. It is important to us that Australians have the ability to retire comfortably and with dignity and one way we can assist is by making the public aware of the options available through industry super funds.



COLIN MCGUINNESS - CEO, NGS SUPER

Looking forward

We have a number of new products and services that will be introduced in the coming year, including a new website, additional online services and an improved and more flexible insurance arrangement.

The NGS Super Sydney Trustee office will be relocating over the coming months as we have outgrown our existing premises. We will advise you of our new address in the next NGS News. Our PO Box has not changed.

We will also conduct a member survey as your feedback and input into the Fund is extremely important to us. This survey will help us to direct resources into the areas which are most important to you. I would like to thank those members in advance who take the time to complete the survey.

We are fully aware of our fiduciary responsibility at NGS Super and as a valued member you can rest assured that we will strive to maximise your retirement savings.

A handwritten signature in black ink, appearing to read "Colin McGuinness".

Colin McGuinness
Chief Executive Officer

Investment performance

Over 80,800 NGS Super members are invested in the **Diversified option which delivered a very healthy 13.8%** over the past year. The returns for many of the investment options available to NGS Super members were substantially boosted by strong performances from shares and property.



In general, economic growth in the worlds' developed countries either remained robust, or improved over the past year. For the first time in many years, we are facing a period of synchronized economic growth in the US, European and Japanese economies. Combined with the continued expansion in the developing or emerging countries, this situation has led to record commodity prices and strong earnings growth for global resource companies, many of which are Australian based.

At the beginning of the year interest rates around the world were at levels that were generally seen as being an expansionary influence on economic growth. Interest rates have been rising in the US, Europe, Asia and even in Australia and in some countries there is still more to come. The oil price rose by 29% over the year but on the whole, the outlook for inflation remains in check.

Looking forward, it is always difficult to say where the risks to investment markets lie. It could be that a combination of rising interest rates and energy prices result in an economic slowdown, or geopolitical concerns could significantly lower investor confidence. While looking at returns over the past three years shows shares as being consistently the outstanding performer, there is simply

no way to tell what the "winning" asset class will be next year. As always, it is important to consider the benefits of diversification when it comes to investing.

Investment options

The Fund's most popular **Diversified option, delivered a very solid 13.8%** to members for the year. This option includes exposures to the full array of investments that NGS Super uses and includes exposures to shares, property, private equity, infrastructure, absolute return funds as well as fixed interest and cash.

The **Australian Shares option return was 23.6%**. Underpinning this outcome was stronger than anticipated growth in company earnings, particularly for companies in the Materials and Energy sectors which returned 50% and 35% respectively. The poorest performing sector was Telecommunications which fell 22%. Over the past nine years, the value of the Australian share market has doubled with most of the increase occurring in the past three years with investors earning returns in excess of 20% per annum.

The **International Shares option return was 15.1%**. The Japanese share market benefited from improved economic conditions and recorded the strongest result for the developed countries at 35%. The US comprises the largest slice of the developed world share market and it returned 11%. Emerging country share markets continued the stellar performance of the past few years returning 39%.

The **Shares Plus option**, which invests in a mixture of both Australian and international shares as well as private equity, absolute return funds and cash, **returned 19.5%**.

The **Green Shares option, delivered a return of 22.8% to members**. This option contains a mixture of Australian and international shares chosen on the basis of companies which exercise social and/or environmental responsibility.

The **Property option return was 13.7%** for the year. This option is split evenly between listed and unlisted, or direct,

property investments. The listed property investments (which can be bought and sold in the share market) typically have fairly high levels of debt and can be subject to equity like returns and risk. The direct property funds are primarily focused on high quality property assets in the retail and industrial sectors with low levels of debt, and will have a low correlation to share market returns.

The Fund's **Cash option returned 4.7%**. However, rising longer term interest rates which translate into a decline in the value of fixed interest investments, contributed to a weaker return for the **Diversified Bonds option of 2.2%**.

The **Defensive option's return was 8.3%**. As the name suggests, this option has a large allocation to the more defensive types of assets such as cash, fixed interest, absolute return funds and direct property funds.

Our investment strategy

- 1 NGS Super employs professional investment consultants and external investment managers to assist in selecting and managing the Fund's investments.
- 2 Sufficient liquidity is maintained to meet expected cash-flow requirements.
- 3 Investment risk is limited by diversification between and within asset classes, and between different investment managers.
- 4 Trustee Board Directors regularly review the performance of each investment manager.

The investment benchmark ranges, risk profile and investment timeframe for each investment option are set out on pages 5 to 7 of this Annual Report.

NGS Super investments are diversified across different asset classes and across a range of professional investment managers. Directors, with the assistance of the Fund's asset consultants, closely monitor all investment managers in an attempt to ensure that members receive consistently good returns without exposure to unacceptable levels of risk.

Investment options & performance

	DIVERSIFIED (DEFAULT OPTION)		DEFENSIVE		SHARES PLUS																																																																																																																			
# Investment performance objectives	Target = CPI + 3% To achieve a return of 3% above inflation per annum over rolling 5 year periods.		Target = CPI + 1% To achieve a return of 1% above inflation per annum over rolling 3 year periods.		Target = CPI + 4% To achieve a return of 4% above inflation per annum over rolling 7 year periods.																																																																																																																			
^ Investment mix	Asset Class Australian shares 25-45% International shares 20-40% Private equity 0-6% Global macro 0-5% Listed property 0-5% Direct property (growth) 0-4% Infrastructure 0-10% Total Growth 55-85% Global fixed interest 0-25% Property (income) 0-10% Absolute return 0-8% ~Australian cash 0-25% Total Defensive 15-45% Foreign Currency 0-20%	Range 25-45% 20-40% 0-6% 0-5% 0-5% 0-4% 0-10% 55-85% 0-25% 0-10% 0-8% 0-25% 15-45% 0-20%	Asset Class Australian shares 5-20% International shares 5-15% Global macro 0-4% Listed property 0-5% Infrastructure 0-8% Total Growth 15-40% Global fixed interest 10-40% Property (income) 0-10% Absolute return 10-30% ~Australian cash 10-30% Total Defensive 60-85% Foreign Currency 0-7%	Range 5-20% 5-15% 0-4% 0-5% 0-8% 15-40% 10-40% 0-10% 10-30% 10-30% 60-85% 0-7%	Asset Class Australian shares 45-65% International shares 30-50% Private equity 0-6% Global macro 0-4% Total Growth 85-100% Absolute return 0-4% ~Australian cash 0-15% Total Defensive 0-15% Foreign currency 0-40%	Range 45-65% 30-50% 0-6% 0-4% 85-100% 0-4% 0-15% 0-15% 0-40%																																																																																																																		
Asset allocation by sector	Benchmark <table border="1"> <thead> <tr> <th>Sector</th> <th>% at 30/6/06</th> <th>% at 30/6/05</th> </tr> </thead> <tbody> <tr><td>Australian shares</td><td>32%</td><td>32%</td></tr> <tr><td>International shares</td><td>26%</td><td>26%</td></tr> <tr><td>Private equity</td><td>3%</td><td>3%</td></tr> <tr><td>Global macro</td><td>3%</td><td>3%</td></tr> <tr><td>Listed property</td><td>2%</td><td>2%</td></tr> <tr><td>Direct property (growth)</td><td>1%</td><td>0%</td></tr> <tr><td>Infrastructure</td><td>7%</td><td>4%</td></tr> <tr><td>Total Growth</td><td>74%</td><td>70%</td></tr> <tr><td>Global fixed interest</td><td>*10%</td><td>18%</td></tr> <tr><td>Property (income)</td><td>7%</td><td>5%</td></tr> <tr><td>Absolute return</td><td>4%</td><td>4%</td></tr> <tr><td>~Australian cash</td><td>5%</td><td>3%</td></tr> <tr><td>Total Defensive</td><td>26%</td><td>30%</td></tr> <tr><td>Foreign Currency</td><td>10%</td><td>13%</td></tr> </tbody> </table> * 100% Hedged		Sector	% at 30/6/06	% at 30/6/05	Australian shares	32%	32%	International shares	26%	26%	Private equity	3%	3%	Global macro	3%	3%	Listed property	2%	2%	Direct property (growth)	1%	0%	Infrastructure	7%	4%	Total Growth	74%	70%	Global fixed interest	*10%	18%	Property (income)	7%	5%	Absolute return	4%	4%	~Australian cash	5%	3%	Total Defensive	26%	30%	Foreign Currency	10%	13%	Benchmark <table border="1"> <thead> <tr> <th>Sector</th> <th>% at 30/6/06</th> <th>% at 30/6/05</th> </tr> </thead> <tbody> <tr><td>Australian shares</td><td>14%</td><td>14%</td></tr> <tr><td>International shares</td><td>9%</td><td>9%</td></tr> <tr><td>Global macro</td><td>2%</td><td>2%</td></tr> <tr><td>Listed property</td><td>2%</td><td>2%</td></tr> <tr><td>Infrastructure</td><td>5%</td><td>3%</td></tr> <tr><td>Total Growth</td><td>32%</td><td>30%</td></tr> <tr><td>Global fixed interest</td><td>*20%</td><td>*40%</td></tr> <tr><td>Property (income)</td><td>8%</td><td>4%</td></tr> <tr><td>Absolute return</td><td>20%</td><td>4%</td></tr> <tr><td>~Australian cash</td><td>20%</td><td>22%</td></tr> <tr><td>Total Defensive</td><td>68%</td><td>70%</td></tr> <tr><td>Foreign Currency</td><td>3%</td><td>4%</td></tr> </tbody> </table> * 100% Hedged		Sector	% at 30/6/06	% at 30/6/05	Australian shares	14%	14%	International shares	9%	9%	Global macro	2%	2%	Listed property	2%	2%	Infrastructure	5%	3%	Total Growth	32%	30%	Global fixed interest	*20%	*40%	Property (income)	8%	4%	Absolute return	20%	4%	~Australian cash	20%	22%	Total Defensive	68%	70%	Foreign Currency	3%	4%	Benchmark <table border="1"> <thead> <tr> <th>Sector</th> <th>% at 30/6/06</th> <th>% at 30/6/05</th> </tr> </thead> <tbody> <tr><td>Australian shares</td><td>55%</td><td>55%</td></tr> <tr><td>International shares</td><td>40%</td><td>40%</td></tr> <tr><td>Private equity</td><td>3%</td><td>3%</td></tr> <tr><td>Global macro</td><td>2%</td><td>2%</td></tr> <tr><td>Total Growth</td><td>100%</td><td>100%</td></tr> <tr><td>Absolute return</td><td>0%</td><td>0%</td></tr> <tr><td>~Australian cash</td><td>0%</td><td>0%</td></tr> <tr><td>Total Defensive</td><td>0%</td><td>0%</td></tr> <tr><td>Foreign Currency</td><td>15%</td><td></td></tr> </tbody> </table>		Sector	% at 30/6/06	% at 30/6/05	Australian shares	55%	55%	International shares	40%	40%	Private equity	3%	3%	Global macro	2%	2%	Total Growth	100%	100%	Absolute return	0%	0%	~Australian cash	0%	0%	Total Defensive	0%	0%	Foreign Currency	15%	
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Investment time frame	Medium to long term 5 years +		Medium term 3 years +		Long term 7 years +																																																																																																																			
Risk profile	Medium to high risk Likelihood of a negative return in any year is 1 in 5.		Low to medium risk Likelihood of a negative return in any year is 1 in 9.		Medium to high risk Likelihood of a negative return in any year is 1 in 4.																																																																																																																			
This option may be suitable for:	It is designed to provide for reasonably high investment returns with less short term volatility than the share options.		Suitable for members who can withstand some market volatility with a view to obtaining better longer term results than would be available from investing solely in cash.		Suitable for members who can withstand high short term volatility in the pursuit of higher returns over the long term.																																																																																																																			
+ Recent effective rates of investment returns	Year ending 30/6/06 13.78% Year ending 30/6/05 12.01% Year ending 30/6/04 13.99% Year ending 30/6/03 1.20% Year ending 30/6/02 -2.70% 5 year rolling return 7.42% p.a.	Year ending 30/6/06 8.28% Year ending 30/6/05 8.70% Year ending 30/6/04 6.63% Year ending 30/6/03* 1.56% Since inception 7.36% p.a. * Please note this option was introduced in February 2003	Year ending 30/6/06 19.49% Year ending 30/6/05 13.89% Year ending 30/6/04 20.71% Year ending 30/6/03 -5.10% Year ending 30/6/02 -9.67% 5 year rolling return 7.09% p.a.																																																																																																																					

Note: if you have not selected an investment option your super will be invested in the Diversified portfolio.

The Trustee is required by law to set these objectives. They are neither a forecast nor a guarantee of future investment returns.

^ The asset ranges apply from 1 July 2006. The Trustee reviews the continued suitability of the ranges for each option at least annually. To achieve the investment objectives the actual asset mix for each option is determined by the Trustee on a quarterly basis (or more frequently if required) and takes into account developments in the Australian and global economies.

+ The table above shows each investment option's annual and effective rate of net return (i.e. the actual rate of return net of tax and investment expenses) over the past five years [or for the period which the investment option has been offered if less than five years].

~ Australian Cash may include cash and cash enhanced products.

investment options and performance (cont.)

	AUSTRALIAN SHARES			INTERNATIONAL SHARES			GREEN SHARES		
# Investment performance objectives	Target = CPI + 4% To achieve a return of 4% above inflation per annum over rolling 7 year periods.			Target = CPI + 4% To achieve a return of 4% above inflation per annum over rolling 7 year periods.			Target = CPI + 3% To achieve a return of 3% above inflation per annum over rolling 7 year periods.		
^ Investment mix	Asset Class Australian shares ~Australian cash	Range 90-100% 0-10%		Asset Class International shares ~Australian cash Foreign Currency	Range 90-100% 0-10% 0-80%		Asset Class Australian shares International shares ~Australian cash Foreign Currency	Range 50-70% 30-50% 0-15% 30-50%	
Asset allocation by sector	Benchmark			Benchmark			Benchmark		
	Sector	% at 30/6/06	% at 30/6/05	Sector	% at 30/6/06	% at 30/6/05	Sector	% at 30/6/06	% at 30/6/05
	Australian shares	100%	100%	International shares	100%	100%	Australian shares	60%	60%
	~Australian cash	0%	0%	~Australian cash	0%	0%	International shares	40%	40%
				Foreign Currency	38%	50%	~Australian cash	0%	0%
							Foreign Currency	40%	40%
Investment time frame	Long term 7 years +			Long term 7 years +			Long term 7 years +		
Risk profile	High risk Likelihood of a negative return in any year is 1 in 3.			High risk Likelihood of a negative return in any year is 1 in 3.			Medium to high risk Likelihood of a negative return in any year is 1 in 4.		
This option may be suitable for:	Suitable for members who can withstand high short term volatility in the pursuit of higher returns over the long term.			Suitable for members who can withstand high short term volatility in the pursuit of higher returns over the long term.			Suitable for members seeking a socially responsible investment style and who can withstand high volatility over the short term.		
+ Recent effective rates of investment returns	Year ending 30/6/06	23.56%		Year ending 30/6/06	15.11%		Year ending 30/6/06	22.83%	
	Year ending 30/6/05	22.85%		Year ending 30/6/05	4.56%		Year ending 30/6/05	11.36%	
	Year ending 30/6/04	21.43%		Year ending 30/6/04	17.84%		Year ending 30/6/04	20.94%	
	Year ending 30/6/03*	6.29%		Year ending 30/6/03*	6.98%		Year ending 30/6/03	-8.68%	
	Since inception	21.75% p.a.		Since inception	13.32% p.a.		Since inception	8.11% p.a.	
	* Please note this option was introduced in February 2003			* Please note this option was introduced in March 2003			* Please note this option was introduced in November 2001		

The Trustee is required by law to set these objectives. They are neither a forecast nor a guarantee of future investment returns.

^ The asset ranges apply from 1 July 2006. The Trustee reviews the continued suitability of the ranges for each option at least annually. To achieve the investment objectives the actual asset mix for each option is determined by the Trustee on a quarterly basis (or more frequently if required) and takes into account developments in the Australian and global economies.

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~ Australian Cash may include cash and cash enhanced products.

investment options and performance (cont.)

	PROPERTY	DIVERSIFIED BONDS (WITH CASH)	CASH																																							
# Investment performance objectives	Target = CPI + 2% To achieve a return of 2% above inflation per annum over rolling 5 year periods.	Target = CPI + 0.5% To achieve a return of 0.5% above inflation per annum over rolling 3 year periods.	Target = CPI To achieve a return above inflation over rolling 1 year periods.																																							
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This option may be suitable for:	Suitable for members who can withstand short term market volatility to obtain reasonable medium term returns.	Suitable for members who can withstand some short term volatility, including a negative return in some years in order to obtain a medium term return higher than cash.	Suitable for members seeking to minimise their investment risk over the short term.																																							
+ Recent effective rates of investment returns	<table border="1"> <tbody> <tr> <td>Year ending 30/6/06</td> <td>13.74%</td> </tr> <tr> <td>Year ending 30/6/05</td> <td>17.61%</td> </tr> <tr> <td>Year ending 30/6/04</td> <td>16.65%</td> </tr> <tr> <td>Year ending 30/6/03*</td> <td>9.31%</td> </tr> <tr> <td>Since inception</td> <td>14.95% p.a.</td> </tr> </tbody> </table> <p>* Please note this option was introduced in September 2002</p>	Year ending 30/6/06	13.74%	Year ending 30/6/05	17.61%	Year ending 30/6/04	16.65%	Year ending 30/6/03*	9.31%	Since inception	14.95% p.a.	<table border="1"> <tbody> <tr> <td>Year ending 30/6/06</td> <td>2.20%</td> </tr> <tr> <td>Year ending 30/6/05</td> <td>9.66%</td> </tr> <tr> <td>Year ending 30/6/04</td> <td>3.21%</td> </tr> <tr> <td>Year ending 30/6/03</td> <td>6.52%</td> </tr> <tr> <td>Year ending 30/6/02</td> <td>6.14%</td> </tr> <tr> <td>5 year rolling return</td> <td>5.51% p.a.</td> </tr> </tbody> </table>	Year ending 30/6/06	2.20%	Year ending 30/6/05	9.66%	Year ending 30/6/04	3.21%	Year ending 30/6/03	6.52%	Year ending 30/6/02	6.14%	5 year rolling return	5.51% p.a.	<table border="1"> <tbody> <tr> <td>Year ending 30/6/06</td> <td>4.71%</td> </tr> <tr> <td>Year ending 30/6/05</td> <td>5.30%</td> </tr> <tr> <td>Year ending 30/6/04</td> <td>4.14%</td> </tr> <tr> <td>Year ending 30/6/03</td> <td>4.12%</td> </tr> <tr> <td>Year ending 30/6/02</td> <td>3.89%</td> </tr> <tr> <td>5 year rolling return</td> <td>4.43% p.a.</td> </tr> </tbody> </table>	Year ending 30/6/06	4.71%	Year ending 30/6/05	5.30%	Year ending 30/6/04	4.14%	Year ending 30/6/03	4.12%	Year ending 30/6/02	3.89%	5 year rolling return	4.43% p.a.					
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The Trustee is required by law to set these objectives. They are neither a forecast nor a guarantee of future investment returns.

^ The asset ranges apply from 1 July 2006. The Trustee reviews the continued suitability of the ranges for each option at least annually. To achieve the investment objectives the actual asset mix for each option is determined by the Trustee on a quarterly basis (or more frequently if required) and takes into account developments in the Australian and global economies.

+ The table above shows each investment option's annual and effective rate of net return (i.e. the actual rate of return net of tax and investment expenses) over the past five years [or for the period which the investment option has been offered if less than five years].

~ Australian Cash may include cash and cash enhanced products.

Making an informed choice

In making an informed investment choice you should look at things like your age, when you plan to retire, how many years you are likely to be retired and take into consideration your tolerance to investment risk.

Investment risk

"Risk" can be defined as the chance that a given set of objectives will not be met, for example the actual return you receive will be less than the return you expected. In assessing risk, your time horizon is very important. One member's main objective may be to maximise returns over a twenty-year period, while for another the main priority may be to avoid a negative return in the coming year.

One way of measuring investment risk is in terms of volatility, i.e. the degree to which investment returns fluctuate over time. In general, growth assets like shares and property are highly volatile in the short term. Their value fluctuates significantly, so that in the short term the risk of a lower than expected return (even a negative return) is fairly high.

Defensive assets like fixed interest and cash are less volatile (i.e. their value fluctuates less), so that in the short term, the chance of a lower than expected return or a negative return is less.

Risk/Return trade-off

Investing in growth options which aim to provide high returns exposes you to a higher risk of capital loss in the short term due to a high level of volatility in returns.

Options which generally provide low returns on the other hand have a lower level of volatility and less risk of capital loss.

Investment choice

NGS Super gives you a choice of nine investment options to suit a wide range of investment objectives and timeframes. We provide our members with the added benefit of freezing their current account balance and redirecting their future contributions into different option(s).

You may choose to redirect your future contributions in up to six (6) of the nine (9) options available and there is no fee for the future redirection facility. This feature allows you to increase the diversification of your investment portfolio and avoid paying the buy-sell spread on your existing balance.

Do you need to change your investment choice?

On joining NGS Super, members automatically receive the Diversified option. This option has been constructed to best meet the long-term needs of the majority of our members. However it is impossible for one investment mix to be suitable for all members at all times. If the Diversified option does not meet your needs, or if your circumstances change, you may wish to consider changing your selection.

If you do not wish to make a choice, or if you are satisfied that the Diversified option best meets your needs, you need take no further action.

Changing your investment choice

You can change your investment options as your needs change. To do this you will need to complete an *Investment Portfolio Switching Form*. This can be downloaded from our website or obtained by calling NGS Super.

You can make one free investment switch to your account balance each financial year. Thereafter \$30 will be deducted from your NGS Super account each time you apply to switch your account balance to other investment options. Any switch you make will be processed using the unit price determined on the close of business Friday (of the week in which the switch request was received). For the change to be effective, your form must be completed and received by 5pm (EST) on the last business day of the week. If we receive your form after this time, your switch will not be effective until the following week.

You are able to change your future contributions investment strategy at any time. There is no charge for this change. All future contributions and rollover amounts received will go into your new option from the week after your change request is received.

Disclaimer: Please consider seeking advice from a licensed financial planner before making any investment decision as any switch has the potential of adversely affecting your benefit.

Re-balancing your investment mix

Due to movements in investment markets, the proportions of your chosen investment mix will change over time as the different investment options grow at different rates.

We do not automatically re-balance your account balance back to your original chosen proportions. You have the choice between allowing the better performing option to increase as a proportion of your account balance, or rebalancing the percentage you wish to have in each portfolio over time.

If you wish to rebalance at any time, please phone **1300 133 177** for an *Investment Portfolio Switching Form*, or alternatively download a copy from our website. If you decide to switch the investment option(s) of your account balance, a buy-sell spread will be incurred.

Member investment choice mix

You can invest in up to six (6) options, in any combination, as long as the total amount allocated for your existing account balance and/or future contributions adds up to 100%. You must make your selections in multiples of 5%.

NGS Super sets the asset mix and performance objectives for these options:

NGS Mix

- DIVERSIFIED
- DEFENSIVE
- SHARES PLUS

You may select your own asset mix and performance objectives by choosing from these asset sector options:

DIY Mix

- AUSTRALIAN SHARES
- INTERNATIONAL SHARES
- GREEN SHARES
- PROPERTY
- DIVERSIFIED BONDS
- CASH

TO ENSURE YOU MAKE AN INFORMED INVESTMENT CHOICE, PLEASE READ THE INVESTMENT SECTION IN THE FUND'S **PRODUCT DISCLOSURE STATEMENT** (AVAILABLE ON THE WEBSITE OR BY PHONING **1300 133 177**) BEFORE CHOOSING OR SWITCHING YOUR INVESTMENT PORTFOLIO WITH NGS SUPER.

How we invest your money

Allocation of investment earnings to your account

Investment earnings are allocated to member account balances by changes to the NGS Super unit prices which are calculated weekly and can be accessed through the NGS Super website at www.ngssuper.com.au. In accordance with regulatory requirements, the Fund's investments are held in custody. The Custodian safeguards the investments and monitors changes in the value of investments. The custodian calculates the NGS Super unit prices and forwards them to the Fund's Administrator for incorporation in the member record keeping system maintained by the administrator.

Weekly changes to NGS Super unit prices reflect the gain (or loss) on the underlying investments of each of the nine (9) options. Members' account balances are calculated by multiplying the units on issue to a member by the NGS Super unit price current at that point in time. In this way, investment market movements and valuations are translated to the member account balances.

The investment returns quoted in this report reflect the return (net of fees and tax) that would have been achieved if you were invested in a particular option for 12 months to 30 June 2006. If you made contributions during the year, those contributions would only receive the investment return equal to the change in the NGS Super unit price between the contributions being allocated and the end of the financial year. If you changed investment options during the year, you would receive

varying investment returns based on the changes to the relevant NGS Super unit prices of each option selected.

Your personal superannuation account

All the contributions paid into the Fund by you or your Employer, as well as any superannuation money you transfer into NGS Super, are placed into your personal account, after deduction of any administration fees, insurance premiums and government taxes.

The money in your account (your benefit) is then invested according to the investment option(s) you select. Each time we receive a contribution from you or your Employer we will allocate units to your account at the issue or buy price for the investment option you invest in. Your account balance increases or decreases according to the collective performance of the underlying assets.

While your money is held in the Fund, we deduct member fees from your account, as well as insurance premiums if you have insurance cover. Your investment in NGS Super, your benefit, is calculated by multiplying the number of units allocated to your account from each investment option by their withdrawal or sell price.

Administration reserve

The NGS Super Reserve account is established in accordance with the Trust Deed. The Reserve is held to ensure that sufficient funds are available to protect members against significant events which may impact the operating costs of NGS Super. A secondary reason

is to ensure that Reserve funds are available to implement new products and services for members without the need to immediately recover costs from member accounts. The third reason is for the Trustee to meet APRA's RSE licensing conditions in ensuring its ongoing solvency and to support its business operations as trustee of NGS Super.

The Trustee sets a Reserve level based on the anticipated operating expenses of the Fund. The reserve as at 30 June 2006 was \$7.328M or 0.33% of Fund Assets.

This Reserve is maintained by the Trustee retaining a small portion of the fees charged to members and interest earned on the Reserve account, which is invested in the Cash option. This Reserve is known as the **administration reserve**.

The 30 June 2006 and preceding years reserve levels are shown below:

As at	\$M	% of Assets
30 June 2002	\$6.290	0.97%
30 June 2003	\$6.385	0.87%
30 June 2004	\$8.179	0.89%
30 June 2005	\$5.057	0.44%
30 June 2006	\$7.328	0.33%

NGS derivatives policy

The Trustee has adopted an appropriate Risk Management Strategy which permits investment managers to use futures, options and other derivative instruments to assist with the effective management of the portfolio of assets.

Pension investment performance

Investment Portfolio	Year ending 30 June 2006	Year ending 30 June 2005	Year ending 30 June 2004	Rolling Return	Inception Date
Diversified	16.03%	13.00%	15.41%	3 year rolling return 14.81% p.a.	Nov 2001
Defensive	9.98%	9.89%	7.66%	3 year rolling return 9.17% p.a.	Nov 2001
Shares Plus	21.70%	13.26%*	N/A	Return since inception 20.13%	Sep 2004
Australian Shares	27.10%	18.65%*	N/A	Return since inception 26.46%	Sep 2004
International Shares	17.57%	7.59%*	N/A	Return since inception 14.37%	Sep 2004
Green Shares	26.43%	4.50%*	N/A	Return since inception 20.41%	Dec 2004
Property	15.84%	19.21%	17.90%	3 year rolling return 17.64%	Dec 2002
Diversified Bonds	3.00%	10.72%	1.59%*	Return since inception 7.32% p.a.	May 2004
Cash	6.14%	5.67%	1.59%*	Return since inception 5.91%	Jul 2004

Note: The NGS Super Allocated Pension commenced in October 2001. *Please note these represent returns of less than one full financial year owing to the fact that the first member account in each option was only received during the last financial year. The commencement date for each of these options are listed in the Inception Date column.

Earnings on Pension investments are tax-free. As a result the investment returns differ from the returns on Accumulation investments. In normal circumstances, where investment earnings are positive, pensioners benefit as there is no tax deduction from the gross earnings. If and when investment earnings are negative, the opposite effect can however occur.

Abridged financial statements as at 30 June 2006

Statement of the financial position for the year ended 30 June 2006

Statement of changes in net assets

Net market value of assets available to pay benefits at start of year

	2006 \$'000	2005 \$'000
Net market value of assets available to pay benefits at start of year	1,141,349	920,199
PLUS		
Contributions from employers	205,878	122,156
Contributions from members	37,176	9,971
Rollovers received	738,504	51,965
Insurance proceeds	2,199	1,257
Investment earnings	282,831	128,777
LESS		
Benefits paid	111,627	52,731
Insurance premiums	6,893	5,571
Administration and management expenses	11,351	4,739
Taxation expense	58,012	29,935
Net market value of assets available to pay benefits at end of year	2,220,054	1,141,349

Statement of net assets

Investments	2,245,523	1,143,768
Cash	9,991	17,183
Deferred tax asset	814	-
Other assets	2,427	1,127
LESS		
Creditors and accruals	5,484	3,315
Liability of taxation	33,217	17,414
Net market value of assets available to pay benefits at end of year	2,220,054	1,141,349

Please note:

The above information has been extracted from interim unaudited financial statements. A copy of the full audited accounts financial statements may be obtained from the Trustee Office after 31 October 2006.

The change in the June 2005 figures and the opening balance in June 2006 is due to a tax adjustment put through after the Abridged accounts were published last year.

Investments of \$2,245,523,000 and Cash \$9,991,000 in the abridged accounts total \$2,255,514,000. Investment held by the investment managers of \$2,254,920,193 include \$9,398,000 held as cash but does not include \$593,807 held as cash in bank accounts separate from the investment managers.

Investment managers

The Trustee Board engages the services of Mercer Investment Consulting (a division of Mercer Human Resource Consulting Pty Ltd) and Frontier Investment Consulting to provide strategic investment recommendations to assist with the selection and overseeing of investment managers.

Comparison of total fund investments by investment manager allocation at 30 June 2006 and 30 June 2005 were:

Investment Manager	Market Value as at 30 June 2006	% of total	Market Value as at 30 June 2005	% of total
AMP Capital Investors	\$392,134,260	17.39%	\$19,237,576	1.68%
Ausbil Dexia Ltd	\$233,765,686	10.37%	\$66,322,098	5.80%
Barclays Global Investors	\$189,891,266	8.42%	\$262,098,716	22.92%
Becton Property Group	\$1,245,474	0.06%	-	-
BNP Paribas Securities Services	\$54,687,109	2.43%	\$15,702,602	1.37%
BT Financial Group	-	-	\$24,011,347	2.10%
Challenger Financial Services Group	-	-	\$22,576,478	1.97%
Citigroup Asset Management (Australia) Ltd	-	-	\$8,155,603	0.71%
Colonial First State	\$65,360,174	2.89%	\$6,720,906	0.59%
Credit Suisse Asset Management (Australia) Ltd	\$51,163,700	2.27%	\$46,589,851	4.07%
GMO (Grantham Mayo Van Otterloo) Australia Ltd	\$50,872,031	2.26%	\$32,348,470	2.83%
Goldman Sachs JB Were Investment Management	\$17,329,836	0.77%	-	-
ING Investment Management	\$118,714,305	5.26%	\$56,085,096	4.90%
Hastings Funds Management	\$38,222,117	1.70%	-	-
Industry Funds Management	\$29,540,729	1.31%	-	-
ISPT Pty Ltd	\$14,094,717	0.63%	-	-
Lazard Asset Management Pacific Co	-	-	\$33,257,126	2.91%
Legg Mason Asset Management (Australia) Ltd	\$14,326,542	0.64%	-	-
Lend Lease Real Estate Investments	\$61,872,462	2.74%	\$38,094,669	3.33%
Macquarie Goodman Management Ltd	\$15,550,350	0.69%	-	-
Macquarie Investment Management Ltd	\$164,847,274	7.31%	\$45,521,476	3.98%
Maple-Brown Abbott	-	-	\$54,290,247	4.75%
Members Equity (Industry Funds Management)	\$7,637,201	0.34%	\$4,474,333	0.39%
Merrill Lynch Investment Managers Limited	-	-	\$17,168,000	1.50%
Orion Asset Management	\$81,658,120	3.62%	-	-
National Corporate Investments Trust	-	-	\$136,616,537	11.94%
Pantheon Ventures Ltd	\$5,822,719	0.26%	\$8,510,348	0.74%
Paradice Investment Management Pty Ltd	\$50,197,418	2.23%	\$24,969,227	2.18%
Paragon Equity Ltd	\$2,225,751	0.10%	-	-
Perennial Investment Partners Ltd	\$102,126,456	4.53%	\$57,527,898	5.03%
Pacific Investment Management Company	\$70,128,808	3.11%	-	-
Portfolio Partners Ltd	\$87,133,252	3.86%	\$44,367,739	3.88%
Quay Partners Pty Ltd	\$37,712,523	1.67%	-	-
Quellos Capital Management	\$84,991,160	3.77%	-	-
Sustainable Asset Management	\$394,536	0.02%	-	-
Tyndall Asset Management	\$119,621,964	5.30%	-	-
State Street Global Advisors	-	-	\$64,592,873	5.65%
UBS Global Asset Management (Australia) Ltd	\$26,422,139	1.17%	\$54,529,281	4.77%
Vanguard Investment Australia Ltd	\$21,934,678	0.97%	-	-
Warakirri Asset Management	\$41,481,662	1.84%	-	-
Wilshire International	\$1,813,775	0.08%	-	-
Total	\$2,254,920,193	100.00%	\$1,143,768,495	100.00%

Note: This table does not reflect investment performance.

Fees and charges: maximising your savings

The Trustee negotiates with service providers to ensure fees to members are kept as low as possible. NGS Super is run to **benefit its members only** and we do not pay commissions to personal financial advisers, nor do we return profits to shareholders.

The cost of fees can have a substantial impact on your long term retirement savings. Put simply, if two funds are producing identical investment returns the one with the lower fees will produce the greater retirement benefit.

Fees and other costs

Fees charged to members are designed to cover the cost of operating the Fund.

Pages 12 and 13 of this Annual Report show fees and other costs that you may have been charged over the past financial year. These fees and costs may have been deducted from your account, from the returns on your investment or from the Fund assets as a whole. Fees and costs for particular investment options are set out on page 13.

In the bottom section of page 13, you will find details concerning investment management fees which may apply in the future.

For additional information regarding insurance costs, tax, etc. please refer to the Fund's current *Product Disclosure Statement (PDS)*.

Portability between Employers - take NGS Super with you when you change jobs

Did you know that you can keep your NGS Super account when you change jobs - anywhere within Australia?

As NGS Super is portable it means that you do not have to change super funds when you change your job. This has the added bonus of allowing you to continue with your competitive insurance cover.

For information on how you can keep your NGS Super account after leaving your current employer, please call our Customer Service Team on **1300 133 177**.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moved in or out of the Fund		
Establishment fee¹ The fee to open your investment.	Nil	Not Applicable.
Contribution fee¹ The fee on each amount contributed to your investment – either by you or your employer.	Nil	Not Applicable. However, remember to allow for the buy/sell spread which applied when you purchased units in any investment option.
Withdrawal fee¹ The fee on each amount you took out of your investment.	\$30.00 This fee does not apply to retirement benefits paid as cash.	Deducted from your account each time a benefit was paid. If member protection applied, the fee may have been partly or fully rebated.
Termination fee¹ The fee to close your investment.	Nil	Not applicable.
Management costs		
The fees and costs for managing your investment.	A flat fee of \$65.00 ² p.a. administration fee. Plus	The flat fee was deducted from member accounts on a weekly basis (\$1.25 per week).
The amount you paid for specific investment options.	A percentage fee ranging from 0.09% p.a. for the Cash option to 0.75% p.a. for the Green Shares option ³ .	The percentage based fee was deducted from investment earnings prior to the unit price for that investment option being determined.
Expense recovery fee The Trustee is entitled to recover from the Fund expenses that can not be met from the administration or investment fees.	These costs vary from year to year and when taken are disclosed as part of the Indirect Cost Ratio in the Annual Statements sent to members (anticipated fee of between 0% p.a. and 0.2% p.a. of assets).	These costs would normally be deducted from our Reserves and not deducted from members' accounts. During the past year, no additional costs were deducted.
Service fees		
Investment switching fee The fee for changing investment options.	Members were entitled to one free investment change during the financial year. The cost of any additional investment switches was \$30. Plus	Deducted from account balance at the time of the switch.
The buy/sell spread you paid for specific investment options is shown on page 13.	A percentage buy/sell spread ranging from 0.00% p.a. for the Cash option to 0.67% p.a. for the Australian Shares option ⁴ .	The buy-sell spread applied when you first purchased units in any investment option, either through new contributions or when you changed your investment mix.

Notes:

- 1 No adviser remuneration fee applies.
- 2 This is the fee applicable for active members. Inactive members currently pay \$59.80 p.a.
- 3 These fees have been estimated based on the assets and investment managers held to 30 June 2006 and may have varied throughout the year as investments changed. Where you had more than one investment option, the fee deducted from the gross investment earnings will have been apportioned.
- 4 The buy/sell spread fees have been estimated based on the assets and investment managers held at 30 June 2006 and may have varied throughout the financial year as investments changed.

fees and charges (cont.)

To find out more: If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website www.fido.asic.gov.au has a superannuation fee calculator to help you check out different fee options.

Additional disclosure items

All fees and charges may be revised from time to time due to changes to your super or the Trust Deed. If the Trustee increases any of the fees that are **deducted from your account**, it must notify you 30 days in advance of the change.

These changes may be advised here in the Annual Report or in other publications mailed to you during the year.

NGS Super is operated for the benefit of its members. It does not pay any commissions to investment advisors or financial planners for recommending NGS Super for superannuation investment.

The Investment Management Fees paid by the Fund during the 2005-2006 financial year have been independently calculated and included in the OMC (Other Management Costs) displayed on your Annual Member Statement.

Future Investment Fees

Owing to some additional restructuring of the funds assets, there will be some adjustments to the investment management costs for the investment options from 22 October 2006.

These fees should be treated as an estimate and have been based on the assets and investment managers held at 30 June 2006, but with adjustments made for expected changes to the mix of investment managers used and changes to the actual asset allocation settings for some of the options. The fees may vary throughout the year as further changes occur.

Some of NGS Super's investment managers can earn additional fees, called performance based fees if performance exceeds an agreed benchmark. If a performance fee has been paid, that means that a manager has outperformed its performance objective, thereby contributing to an overall higher level of return.

Table of fees	Amount	Payment details
Buy-sell spread A once only buy-sell spread is applied to the price of units in the different investment portfolios. Generally the cost of purchasing the units at any point in time is more than the price to sell the units. This difference in unit price (or buy/sell spread) represents the cost of brokerage and depends upon how expensive it is to buy and sell the assets in each investment portfolio.	Diversified 0.43% Defensive 0.23% Shares Plus 0.62% Australian Shares 0.67% International Shares 0.60% Green Shares 0.59% Property 0.32% Diversified Bonds 0.07% Cash nil <i>These are the estimated spreads paid during 2005-2006.</i>	The buy-sell spread applied when you first purchased units in any investment option, either through new contributions or when changing your investment mix.
Additional information fee If you requested information or services that are outside the normal operation of NGS Super then you may have been charged an additional fee.	This fee is rarely charged and members are advised in advance of any costs involved in the provision of additional information.	The fee would have been either deducted from a member's account or paid directly by the member, depending upon the specific circumstances.
Investment management fees* All superannuation funds pay investment fees for the day-to-day administration and transaction costs of investing.	Diversified 0.68% Defensive 0.49% Shares Plus 0.70% Australian Shares 0.58% International Shares 0.67% Green Shares 0.75% Property 0.62% Diversified Bonds 0.21% Cash 0.09% <i>These are the estimated fees paid during 2005-2006.*</i>	Investment management fees were deducted from investment earnings prior to unit prices being determined i.e. investment performance is net of these fees. We do not charge these fees directly to your account.
Family law fees The Trustee is subject to the changes in Family Law and allows either the splitting or deferral of a member's account on separation or divorce. Government regulations allow the Trustee to charge a reasonable fee for any member requests.	Request for information Members: \$100 Non-members: \$110 An order to split or flag an interest Members: \$100 Non-members: \$100	The request for information fee was payable when the request was made. Fees related to splitting or flagging an interest would have been deducted from a member's account at the time of the split.

Note: No GST is payable by members on any fees quoted.

* Includes any performance based fees payable to investment managers as a result of performance in excess of agreed benchmarks.

The following table shows proposed investment management costs for the investment options from 22 October 2006:

Investment Portfolio	Estimated Investment Management Fee (per annum)	Estimated Performance Based Fee INCLUDED in the Investment Management Fee
Diversified	0.77%	0.06%
Defensive	0.68%	0.07%
Shares Plus	0.75%	0.04%
Australian Shares	0.58%	0.02%
International Shares	0.79%	0.00%
Green Shares	0.75%	0.00%
Property	0.63%	0.01%
Diversified Bonds	0.30%	0.00%
Cash	0.14%	0.00%

Proposed changes to super legislation

The Federal Budget announcements, if introduced, will provide a much simpler superannuation system and clear incentives for all Australians to plan and save for retirement. It is important to remember that the announcements are still only at the proposal stage and further modifications are likely.

Proposed Government changes from 10 May 2006

- **Personal after-tax contributions.** Subject to any applicable work test **people will be able to make up to \$1 million dollars of after-tax contributions between 10 May 2006 and 30 June 2007** which will allow people who were planning a large contribution under the existing rules to do so.
- Current rules preventing contributions by people age 75 and over continue to remain in place.
- There is no longer any forced payment of superannuation benefits at age 75 or at age 65 if no longer working. **Benefits can now remain in superannuation indefinitely.**

Some of the key Government proposals from 1 July 2007

Contributions

- Employer contributions (including the nine per cent Superannuation Guarantee and salary sacrifice):
 - There will be no limit on how much an employer can claim as a tax deduction (for employees under the age of 75).
 - The first \$50,000 of total employer and salary sacrifice contributions per person per annum will incur contributions tax of 15%. Where taxable contributions exceed \$50,000 the excess will be subject to tax at the top marginal rate within the fund.
 - It is intended that a five year transitional period will apply, for people who are aged 50 and above as at 1 July 2007, to make larger contributions of up to \$100,000 a year. Persons turning 50 during the transitional period will have a proportional entitlement to this concession.
- **Personal after-tax contributions will be limited to \$150,000 per annum.** To allow people to accommodate larger one-off payments, people aged less than 65 will be able to make a contribution of up to \$450,000 (with no further contribution in the following two financial years). People age 65 or above must satisfy a work test each year to contribute up to \$150,000 per annum.

- In addition to the annual cap on after-tax contribution limits, people can also contribute:
 - up to \$1 million dollars (lifetime limit) from the sale of small business assets that have been held for 15 years
 - a settlement for injury resulting in permanent disablement.
- 100% of contributions by the self employed will be tax deductible (until age 75). Self-employed people would also be able to claim the co-contribution, provided certain eligibility rules are met.
- **A superannuation fund will only be able to accept personal (undeducted) contributions if the member's Tax File Number has been quoted to the trustee.**
- **If the TFN is not quoted then the top marginal tax rate plus Medicare levy will apply to taxable contributions.**

Benefit payments from 1 July 2007

- The Reasonable Benefit Limits will be abolished. This means that there will be no limit on the amount of super that can be withdrawn at a concessional tax rate.
- For people aged 60 and over, benefits paid from a taxed fund (such as NGS Super) will be tax free. This includes lump sums and pensions (including pensions that commenced before 1 July 2007 - provided they meet the new minimum standards). People will not be required to include superannuation benefits and pension payments in their tax returns.
- For people under age 60 the tax on lump sum benefits will be simplified and the tax on some components slightly reduced.
- All lump sum death benefit payments made to a dependant will be tax free.
- Death benefits paid as a pension to a reversionary beneficiary will be taxed as follows:
 - If the pension owner is aged 60 or over at the time of their death, payments to the reversionary beneficiary would be exempt from tax.
 - If the pension owner is under age 60 at the time of their death, the pension would continue to be taxed at the reversionary beneficiary's marginal tax rate (less

any deductible amount and pension rebate) unless the reversionary beneficiary is aged 60 or over, in which case the pension would be exempt from tax.

- Death benefit payments to non-dependants would have to be made as a lump sum. This means a pension would not be able to revert to a non-dependant on death. Lump sum payments to non-dependants (irrespective of their age) would be taxed in the same manner as other superannuation fund payments to a person age 55-59 – the entire taxable component being taxed at 15%.

Changes to age pensions arrangements

- Pension Assets Test to be changed from 20 September 2007 so recipients only lose \$1.50 per fortnight rather than \$3.00 for every \$1,000 of assets above the relevant threshold.
- The 50% Assets Test exemption for complying income streams would be removed from 20 September 2007. The change would only apply to income stream products purchased on or after 20 September 2007 and would not affect the Assets Test treatment of income streams purchased before this date.
- For people under age 60, pension payments from pensions that meet simplified minimum standards (as listed below) will be taxed in a simplified and uniform manner. Any investment earnings will remain tax-free. The new minimum standards for pensions commencing on or after 1 July 2007 would require:
 - payments of a minimum amount to be made at least annually. No maximum would apply (with the exemption of transition to retirement pensions – see below)
 - no provision to be made for an amount to be left over when the pension ceases, and
 - that the pension could be transferred only on the death of the pension owner to one of their dependants, or cashed as a lump sum to the pension owner's estate.
- People would be allowed to withdraw no more than 10% of the account balance (at the start of each year) of their transition to retirement pension in any one year.

Flexible and affordable insurance

NGS Super not only provides members with the ability to save for their retirement but also provides valuable insurance cover for them should they die, become totally and permanently disabled, or suffer a temporary illness or injury.

Please note that the insurance information outlined below does not relate to ISST Division members and members of the former CCSSF and Eltham College Defined Benefit funds. Please refer to the previous correspondence sent to you about your insurance arrangements or call 1300 133 177 for more information.

Increasingly low cost insurance through an industry superannuation fund is seen to be a true member benefit. Thanks to the economies of scale, NGS Super members who meet the eligibility criteria are able to gain the advantage of Group Life and Income Protection Policies which have been negotiated and designed specifically for them. The NGS Super Directors are committed to providing low cost insurance benefits and will continue to negotiate with various insurance providers to improve our member options. Higher levels of cover are also possible (subject to the insurer's acceptance) so a 40-year old may obtain up to \$650,000 worth of Death/TPD cover through NGS Super. All at competitive prices!

Although Basic Cover is an existing benefit for most members, it should be kept in mind that it is not an absolute right once an individual leaves the Fund. This means that if a member leaves NGS Super then returns to the Fund, both Death/TPD and IP insurance will not automatically be reinstated. The returning member will have to complete a *medical statutory declaration* and *insurance application form*. Acceptance is no longer automatic and will be at the discretion of the insurer.

NGS insurance benefits for members

Nobody can predict the future but it is possible to protect yourself and your family financially should unexpected life events occur by ensuring your insurance needs are met.

The types of insurance cover available to NGS Super members are **Death and Total and Permanent Disablement (TPD)**, **Death Only** and **Income Protection (IP)** and provide cover 24

hours a day, seven days a week while in Australia. However, insurance is not available to spouse members or members 65 years of age or older. If you have Death Only or Death/TPD insurance cover with NGS Super, the amount for which you are insured would be paid in addition to the balance in your superannuation account.

Death and TPD benefits are paid as lump sums, with the amount depending on your age at the time you permanently stop work because of permanent illness, injury or death.

The table below (effective 15 March 2004) shows the age-based insurance cover per four (4) units of Death & TPD:

*Age	Basic Cover: Four (4)^ units of Death/TPD	*Age	Basic Cover: Four (4)^ units of Death/TPD
Up to 19	\$195,000	43	\$91,000
20	\$193,000	44	\$78,000
21	\$191,000	45	\$73,000
22	\$188,500	46	\$68,000
23	\$186,500	47	\$63,000
24	\$184,500	48	\$58,000
25	\$182,500	49	\$53,500
26	\$180,500	50	\$48,500
27	\$178,500	51	\$43,400
28	\$176,500	52	\$38,400
29	\$174,000	53	\$33,400
30	\$172,000	54	\$28,600
31	\$170,000	55	\$26,000
32	\$168,000	56	\$23,400
33	\$165,500	57	\$20,800
34	\$163,500	58	\$18,400
35	\$161,500	59	\$15,800
36	\$159,500	60	\$12,800
37	\$157,500	61	\$11,600
38	\$155,500	62	\$10,200
39	\$153,500	63	\$ 9,000
40	\$130,000	64	\$ 7,200
41	\$117,000	65	Nil
42	\$104,000		

* Age at date of Death or TPD.

^ Basic cover is equivalent to four (4) units of Death/TPD.

Basic Cover

On joining NGS Super, eligible members automatically receive Basic cover, which is equivalent to four (4) units of Death/TPD and two (2) units of Income Protection 6 (IP 6). The total cost of this cover is \$3.44 per week and the premium is deducted on a before-tax basis from the Employer contribution portion of your account, thus being a tax effective way of ensuring you and your family are protected.

Four (4) units of Death/TPD will provide a 45 year old member with a lump sum insurance payment of \$73,000. Members can apply for extra Death/TPD cover and/or Death Only cover to a maximum of twenty (20) units combined.

Income Protection covers members for temporary disablement. The Basic cover of two (2) units of IP 6 will provide an income of up to 75% of a member's pre-disability salary (for salaries of up to \$70,000) for a maximum period of two years. Members can apply for up to nine (9) units of IP, with each unit covering \$35,000 of salary.

Other insurance options

Death Only

Death Only is another insurance option for our members. The amount of cover provided by Death Only is the same as for Death/TPD. Each unit of Death Only cover costs \$0.20 per week.

Income Protection 3 (IP3)

IP 3 is another form of income protection cover for temporary disablement. It provides the same level of cover as Income Protection 6 (IP 6). However, the waiting period from the time a member is temporarily disabled to when they can access their benefit is reduced from six (6) months to three (3) months. IP 3 is more expensive than IP 6, with two (2) units of cover costing \$2.34 per week.

Salary Range	Units Required	Cost per week for IP 6	Cost per week for IP 3
\$0 - \$70,000	2	\$1.44	\$2.34
\$70,001 - \$105,000	3	\$2.16	\$3.51
\$105,001 - \$140,000	4	\$2.88	\$4.68
\$140,001 - \$175,000	5	\$3.60	\$5.85
\$175,001 - \$210,000	6	\$4.32	\$7.02
\$210,001 - \$245,000	7	\$5.04	\$8.19
\$245,001 - \$280,000	8	\$5.76	\$9.36
\$280,001 - \$315,000	9	\$6.48	\$10.53

flexible and affordable insurance (cont.)

Eligibility requirements

You will be eligible to receive Basic Cover unless one of the following applies:

- your Employer failed to forward your membership details and/or first contributions to us within four (4) months from the date you first started work for that employer
- you have previously been a member of NGS Super and are now rejoining the Fund or
- you have ever claimed, or have been eligible to claim, a disablement benefit from any superannuation fund or insurance company.

If any of the above does apply and you wish to apply for any cover, you must complete both the *Insurance Application Form* and also the *Health Declaration and Privacy Consent Forms*. The insurer may require further information, and has the right to decline your application. If you fail to inform NGS Super that one of the above applies, you may have premiums deducted but you will not be eligible for payment of an insured benefit.

If the Fund receives an employer contribution within the eligibility period along with minimal data (name, date of birth, date joined employer, address and gender), you will be automatically granted Basic insurance cover.

If you are eligible for Basic Cover and wish to receive Basic Cover you need take no action. To decline insurance outright you need to complete an *Insurance Variation Form*.

How much insurance cover do I need?

It is important that you regularly check that your insurance cover is sufficient for your needs. Your enclosed Member Benefit Statement shows your current level of cover.

If you wish to increase or decline your level of insurance cover, you will need to obtain the *Product Disclosure Statement Part II: Insurance Information for Members brochure* and complete the *Insurance Application Form*. Members who wish to increase their Income Protection due to a pay rise need to advise us within four (4) months or they will have to complete a *Health Declaration Form*.

Our *Product Disclosure Statement Part II: Insurance Information for Members brochure* and relevant forms are available on our website at www.ngssuper.com.au or alternatively you may prefer to contact our Customer Service Team on **1300 133 177** to have them sent out to you.

New more flexible insurance arrangements in 2007

NGS Super has undertaken an extensive tender process to review the insurance cover offered by the Fund to members. We currently offer one of the best value-for-money insurance packages available in the market.

New and improved arrangements are currently being finalised and we will advise you of further details when this is complete. The Death, Disability and Income Protection benefits for most age groups will be increased. There will be a new fixed cover option and various waiting periods for income protection for you to choose from.

The Fund is able to offer these new benefits due to its increased size and its past claims history.

When am I not eligible for insurance cover?

Insurance cover is not available to Spouse members, members 65 years and older and inactive members. In the event of death or TPD, the benefit paid to uninsured members would be equal to their account balance in NGS Super (with no insured component).



Retirement planning

One of the smartest and easiest ways to enjoy your retirement is to plan it carefully beforehand..... so start planning today as tomorrow may be too late to accumulate a comfortable nest egg to allow you to enjoy the lifestyle you would like to retain!

Free financial planning assistance

NGS members are entitled to one (1) hour of financial planning advice per year. This financial planning service involves a consultation (either in person, telephone or email) with Mercer Wealth Solutions or Industry Fund Financial Planning at no cost to you. Additional time or sessions may incur a charge.

Because NGS Super is meeting the cost of this service, the Financial Planners are limited to providing you with advice regarding your NGS Superannuation and related matters such as:

- taxation on super
- retirement planning
- super surcharge
- salary sacrifice
- investment choice.

For preparation of a Statement of Advice, advice on broader financial planning matters and placement of investments, a fee will apply.

To access this service please call Mercer Wealth Solutions on 1300 883 318 or Industry Fund Financial Planning on 1300 138 848.

NGS Super school visits on superannuation

The regulators have made it clear that employers who provide any type of personal or general financial planning advice are in breach of the Corporations Act, 2001, and could face serious consequences for this breach. This is because licensing requirements are in place for entities who deal with financial products and schools do not fit into this category. The legislation is in place to enhance consumer protection. So for questions on superannuation, Fund members are not able to rely on or even expect answers from the pay office.

As part of its commitment to assist and educate members in the non-government education sector, NGS Super provides free, no-strings-attached information sessions on superannuation. Topics usually covered in these sessions include: investment options, insurance cover, the taxation of super, member benefits and pensions (both Allocated Pensions and Term Allocated Pensions). NGS Super is licensed (AFS Licence No 233 154) to provide general product information on superannuation. As an industry fund, there are no commissions paid to staff or financial planners. This means that a qualified NGS Super Representative will be able to provide you with answers to superannuation related questions to assist you to navigate the sometimes complex rules of super for your benefit.

Some schools recognise the need to keep staff informed on superannuation and organise regular meetings on the subject.

It goes without saying that understanding your options is the key to using them successfully. Since everyone has different risk-return expectations, individuals are able to shape their portfolios according to age (investment horizon), risk tolerance and expected returns. Those members who understand their options and use them effectively stand to benefit when retirement becomes a reality! This requires an active approach which is gained through understanding.

So consider organising a full staff meeting or part of a staff meeting on super. "NGS Super – The Educated Choice" aims to put you on a path to a comfortable retirement but you have to take an active interest along the way.

To organise a super presentation at your school call:

- Bernard O'Connor or Mark Terry
NSW/ACT (02) 9232 7727
- Elaine Facchino or John Pedersen
SA/NT (08) 8418 2400
- Debby Blakey or Laurie Buchanan
VIC/TAS (03) 9854 6123

FREE NGS Super financial planning seminars

Do you know what a non-commutable term allocated pension is? How would you deal with an eligible termination payment? What can you do with your unrestricted non-preserved contributions? If you are not sure of the answers to any of the above questions, it may be worthwhile for you to attend a free NGS Super Financial Planning Seminar.

As the national industry fund for teachers and support staff in non-government schools, NGS Super is committed to providing financial education to Fund members. The seminars are conducted by professional financial planners from Mercer Wealth Solutions and Industry Fund Financial Planning who are paid on a fee for service basis. That means the presenters are there for one purpose – your education.

Recent seminars have been well attended with Fund members asking the questions they wanted clarified in an interactive learning situation. In the world of superannuation, it is important to have a fundamental grasp of how the system works. Comments such as, "Very clear and relevant to my situation" and "I would recommend this for other NGS members" were typical of the comments on the feed-back sheets.

NGS will be publicising the dates for the financial planning seminars on the website www.ngssuper.com.au so keep an eye out for the next seminar in your area.

Options when you retire

NGS Super Allocated Pension

We provide an allocated pension product which is a flexible and tax-effective means of converting a lump sum retirement benefit into a regular income stream. Allocated pensions receive taxation concessions, both on investment earnings within the Fund and on regular pension payments. Upon your death, your pension can continue to be paid to your spouse, or it can be paid as a lump sum to your dependants or your estate.

There are no additional establishment charges for existing members who elect to take up the NGS Super Allocated Pension. However, you will be charged the buy/sell spread if you make changes to your investment options.

NGS Super Term Allocated Pension

NGS Super currently offers a Term Allocated Pension which is a relatively new retirement income stream product. It is different from a traditional allocated pension in a number of ways, including:

- it is assessed under more generous Pension RBL rules
- it is subject to 50% Assets Test exemption

- the pension amount payable each year is restricted to a proportion of the account balance
- the access to capital (commutation) is only available in very limited circumstances and the term of the pension is fixed.

If the proposed Federal Budget changes announced in May 2006 are legislated, the benefits of the Term Allocated Pension will diminish. NGS Super is currently considering whether this product will be continued to be offered by the Fund. Further information will be provided in a future issue of the NGS News.

Transition to Retirement Pension

If you have reached your preservation age you are able to access your superannuation in the form of a non-commutable income stream without the need to retire from the workforce. Non-commutable means that lump sums cannot be withdrawn except under restricted conditions.

NGS Super members have access to Transition to Retirement Pension using the NGS Super Allocated Pension and/or the Term Allocated Pension. The features and conditions of each pension are the same except that lump sums cannot be withdrawn from an Allocated Pension until you retire.

The decision to take a Transition to Retirement Pension is complex and we suggest that you consult a financial planner before you set up this type of pension.

For more detailed information regarding the NGS Super Pensions please refer to the *Product Disclosure Statement (effective 1 January 2006)* and the *Supplementary Product Disclosure Statement (effective 1 July 2006)* for NGS Super Pensions, which can be obtained by either calling **1300 133 177** or downloading a copy from our website at www.ngssuper.com.au



Adding to your super

There are a variety of before tax and after tax options available to "top up" your superannuation account with NGS Super. As both before tax and after tax contributions are subject to preservation rules, you should only invest in superannuation money that you can afford to put away until you retire.

Most people will need to make contributions to their super in addition to what their employer pays to be able to enjoy a reasonable standard of living upon retirement.

At NGS Super we make saving for your retirement easy, offering the following services in assisting you to build your super:

- **personal after PAYG tax (member) contributions**
- **lump sum contributions**
- **government co-contribution scheme**
- **before PAYG tax (salary sacrifice) contributions**
- **spouse accounts**
- **transfers or rollovers-in.**

After PAYG tax (member) contributions

After tax contributions are voluntary payments made to the Fund on an after PAYG tax basis. Your contributions are deducted from your post tax earnings before determining your take-home pay. Up to 100% of your salary can be contributed after tax.

You should note that after-tax contributions:

- are subject to preservation requirements
- are currently not subject to tax upon entry or withdrawal
- may result in earnings that could be subject to tax upon withdrawal.

Lump Sum Contributions

If you have any surplus cash and wish to make a lump sum contribution to your super account, please complete the *Lump Sum Payment Form* which can be downloaded from our website at www.ngssuper.com.au

Please return your completed form together with a cheque or Australian money order made payable to NGS Super to NGS Administration. A *Lump Sum Payment Form* is also included with this Annual Report.

Government co-contribution scheme

The Government will co-contribute up to \$1.50 (up to a maximum of \$1,500) for every \$1.00 of personal contribution you make in a scheme called 'co-contributions'. This has been introduced to encourage members to save for an adequate retirement and can be tax effective as co-contributions are not subject to the usual superannuation taxes. The contributions tax is not applied nor will the amount of the co-contribution be taxed when you receive your end benefit.

To be eligible for a co-contribution you:

- must make personal after tax super contributions to a complying super fund, such as NGS Super
- have a total annual income (assessable income plus reportable fringe benefits) of less than \$58,000
- be a permanent resident of Australia
- lodge an income tax return for the year of income
- be less than 71 years old.

Before PAYG tax (salary sacrifice) contributions

With the prior approval of your Employer, you have the option to make your regular personal contributions on a before-tax or "salary sacrifice" basis.

Salary sacrifice super contributions are taken from your total remuneration and are treated the same way as Award or Superannuation Guarantee contributions from your employer, that attract only a 15% contributions tax.

Please note that before-tax contributions:

- will be subject to contributions tax
- could be subject to tax upon payment of your benefit
- are subject to preservation requirements, including earnings thereon
- count towards your Reasonable Benefit Limit (RBL)
- do not affect your salary for the purposes of long service leave and annual leave taken while still employed.

How do I change my voluntary contributions?

If you would like to cease or change the amount of your pre or post-tax voluntary contributions being deducted from your pay, simply advise your Employer in writing to effect the change. NGS Super does not require regular payments, and you are free to change the amount you contribute at any time.

Spouse accounts

A minimum initial contribution of \$1,200 is required to commence an account with NGS Super on behalf of your spouse. Thereafter there is no minimum contribution amount when making additional contributions.

An annual tax off-set may be claimed by a member for any spouse contributions that they make on behalf of their spouse, depending on the income of the spouse. The maximum tax-offset is 18% on a \$3,000 spouse contribution, i.e. \$540.

Consolidating your inactive super accounts

Amalgamating your superannuation accounts will help you keep track of your money and may save you extra fees. The *Transfer Authority Form* included with this Annual Report allows you to transfer any inactive accounts into NGS Super.

NGS Super does not charge you an entry fee for transferring your money in, however you should check whether your other fund(s) charge you an exit fee.

We also recommend that you check the Tax Office's Lost Members Register to make sure there isn't any super you have forgotten about which you may also transfer to NGS Super. Call the ATO on 13 10 20 or visit their website at www.ato.gov.au to find out more.

Women and super

This information from ASFA (The Association of Superannuation Funds of Australia Ltd) sets out why it is very important for women to understand super and save for their retirement.



Why do I need my own money for retirement?

Many women believe that saving for their retirement is not something that they need to be concerned with. But it is just as important for both single and married women to plan for their retirement as it is for men.

Divorce, widowhood, adult children with their own financial commitments and other unforeseen circumstances mean that women should ideally plan independently for their old age, rather than rely on someone else - who may not be around - to take care of it. There is evidence that many women are starting to do this sort of planning.

Women are likely to live longer than their spouse, so they need to finance a longer period of retirement.

In June 1994, the average superannuation benefit for women was around \$17,000 compared to \$42,000 for men. The proportion of all superannuation assets held by women was only 23%. Other data show that by 2002 the average for women was \$43,300 compared to \$78,700 for men, with the balances for those aged between 55 and 64 being \$94,700 for women and \$183,600 for men.

As women and men have increasingly similar career patterns, superannuation entitlements will become more similar, with Commonwealth Government projections showing women with a projected real average superannuation balance of \$77,000 in the year 2019, and \$121,000 for men.

While changes in workforce participation will play a role in improving the superannuation coverage of women, women's attitudes to planning for retirement will also need to change. Research commissioned by ASFA indicates that even women with higher formal education are far less likely than men to have actively planned financially for their retirement.

As a woman, superannuation can provide you with:

- A supplement to the Age Pension. (At present most of the retirees who rely solely on the Age Pension are women, so even a small superannuation supplement can help raise the level of your retirement income and make life more enjoyable.)
- Greater financial independence in retirement and the capacity to make your own financial decisions.
- Security in retirement.
- Planned retirement savings.
- Opportunities to learn more about the investment market.
- Access to insurance cover for death and for total and permanent disability at cheaper group insurance rates in most funds. (This means if you die or become disabled before reaching retirement age, you and your family will have some financial assistance. You should always check whether your fund provides such cover and any options open to you.)

Many funds also offer additional features such as:

- Continuing death and disability insurance for all or part of any parental leave you take. (Depending on the fund, this can be at no extra charge.)
- For a small charge, access to continued death and disability insurance if you are on approved unpaid leave.

- Access to low interest housing loans.
- Opportunities to continue contributing to your retirement savings until you reach age 65.
- Opportunities to receive contributions made on your behalf by your spouse. Where you meet an income test, your spouse may be able to receive a tax rebate for these contributions.

Do women get as much out of super as men?

The main purpose of superannuation is to provide retirement and related benefits. What a person gets out of it in the way of retirement benefits depends largely on what they (and their employers) put into it during their pre-retirement years.

The percentage of working women who have superannuation coverage has come into line with the percentage of working men who have superannuation coverage due to the introduction of compulsory superannuation, at least for men and women in full-time employment. However, as the amount of compulsory contributions paid for men and women is generally based on a percentage of their salary and average earnings for women are less than for men, contributions made for women are also on average less than contributions made for men. Women are also more likely to be in part-time employment, leading to lower contributions and no contributions when their earnings are below the \$450 a month threshold for compulsory superannuation contributions. Consequently, most women receive smaller retirement benefits than men.

Coupled with the fact that women live longer (and, therefore, need their benefits to finance a longer period of retirement), the superannuation benefits many women receive will not be enough to provide an adequate retirement income on their own.

This is slowly changing however, as women are having less time out of the paid work force and are increasingly involved in non-traditional occupations, while men are having career breaks and face a higher incidence of casual employment.

ASFA, Women Saving Independently, July 2005

For further information on ASFA visit their website at www.superannuation.asn.au or call 1800 812 798.

Accessing your super

Superannuation is a long-term investment vehicle to allow for retirement. The Commonwealth Government has restrictions, known as preservation rules, on when you can access your superannuation savings.

Accessing your super

Generally your superannuation benefit is payable when you reach your preservation age and permanently retire from the workforce.

Please refer to your Member Benefit Statement to determine what proportion of your superannuation is preserved and non-preserved.

Your preservation age is determined as follows:

Your date of birth	Preservation age
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

At present your preserved superannuation savings can only be released on the following conditions:

- when you reach 65
- when you cease employment on or after age 60
- when you permanently retire from the workforce and have reached your preservation age
- if you become permanently incapacitated*
- if you are a temporary resident permanently departing Australia*
- if you suffer severe financial hardship or are eligible on compassionate grounds determined by Government rules*.

Your preserved superannuation savings include any employer ETP that has been rolled over into your super.

Of course your super, subject to the Trustee's discretion, will become payable to your beneficiary(ies) upon your death along with any insurance benefit if applicable.

*Conditions apply. Please contact our Customer Service Team on **1300 133 177** for further details.

Rules for compulsory cashing of benefits

In the document "A Plan to Simplify and Streamline Superannuation" released with the Budget on 9 May 2006, the Government set out a number of changes which it proposes to make to superannuation and taxation law. As part of the plan, the requirement for compulsory cashing of benefits for members aged 65 or older would be removed (compulsory cashing of death benefits would continue to apply). On 13 June 2006 the Treasurer announced that compulsory cashing would be removed with effect from 10 May 2006. It is expected that the legislation to give effect to the Government's announcement will be made before 30 June 2007. In the interim superannuation funds are not required to compulsorily cash benefits of members aged 65 or over.

2006/07 Tax-free threshold for ETPs

When you withdraw your benefit from the Fund on or after age 55 as an eligible termination payment (ETP), the first **\$135,590** of the post-30/06/1983 component (taxed element) is tax free.

2006/07 Reasonable benefit limits (RBLs)

Reasonable benefit limits determine how much of your super is concessional taxed.

If you take at least 50% of your retirement benefits in the form of a 'complying income stream' such as a Allocated Pension or a Term Allocated Pension, the **Pension RBL of \$1,356,291** applies.

If you take your benefit as a lump sum payment, it will be assessed against the **Lump Sum RBL of \$678,149**.

What happens if you retire pre-1 July 2007?

When you retire on or after your preservation age **there is now the option of leaving your benefit in the Fund indefinitely** or you may take your benefit as a lump sum and pay any applicable lump sum tax, or you may transfer part or all of your benefit to another fund, or, if your benefit is greater than \$20,000 you may transfer into our allocated pension, term allocated pension or non-commutable pension (refer page 18 for more information).

For more details on the NGS Super Pensions please contact our customer service team on **1300 133 177**. You can also download a copy of the *Product Disclosure Statement (PDS) and Supplementary PDS for NGS Super Pensions* from our website at www.ngssuper.com.au

Other things you need to know

On-line payment of super contributions for Employers

Paying employee contributions on-line is both a convenient and secure service available to NGS Employers. Our dedicated online consultants are available to train your relevant staff, as well as give an initial demonstration of the service.

Member account access on-line

NGS Online is a service dedicated to NGS Super members. It provides our members with access to details of their membership including account balance, transaction history, statement history and personal details.

If you wish to access any of your account information on-line, please remember that this facility is available for existing members via our secure website www.ngssuper.com.au under NGS On-line (located in the top right-hand corner of the NGS homepage).

First time users will need to register for a secure password. If you would like to register for this service, if you are a registered user and cannot remember your password or if you are experiencing difficulty using NGS On-line, please contact NGS Super Administration on **1300 133 177** for assistance.

Eligible Rollover Fund (ERF)

During the year the Trustee for NGS Super reviewed the Eligible Rollover Fund (ERF) arrangements for the Fund. As a result of this review the Trustee has selected AUSfund, Australia's Unclaimed Super Fund to fill this role. Previously NGS Super used the Australian Eligible Rollover Fund for this purpose.

An Eligible Rollover Fund (ERF) is a superannuation fund designed to "protect" the superannuation entitlements of lost members and those with small account balances for the purpose of superannuation law.

Members should be aware that NGS Super may rollover your benefit to an Eligible Rollover Fund (ERF) if:

- your account balance is less than \$1,000 and no employer contribution has been made to your account for at least fifteen (15) months, or

- in the last two years we have received no contribution or rollover into your account, and correspondence has been returned unclaimed.

NGS Super will endeavour to notify you in writing before your benefit is transferred to AUSfund. When you receive this notice you may choose to top up your NGS Super account in order to maintain your membership, or you may rollover your benefit to another super fund.

What does it mean when your benefit is transferred to AUSfund:

- your NGS Super membership will cease
- if you have insurance cover with NGS Super, your insurance cover will also cease
- AUSfund does not offer insurance benefits
- AUSfund does not offer different investment options
- AUSfund has a diversified, balanced investment strategy to provide security to members' funds over the medium term
- AUSfund does not charge entry or exit fees
- all account balances with AUSfund are generally protected from erosion by administration levies
- AUSfund charges an administration fee of \$10 per year or part year if you have an account balance of \$50 or more and
- members with account balances of less than \$50 are not charged an administration fee and do not have interest credited.

You can call AUSfund on 1300 361 798 for the cost of a local call, or write to them at PO Box 2468, Kent Town SA 5071. You can also visit the AUSfund website at www.unclaimedsuper.com.au.

AUSfund is managed by a trustee company, Industry Funds Investment Ltd (IFI) ABN 17 006 883 227, AFSL 229 881, RSEL 0000413.

Complaint and dispute resolution

We try to ensure that our level of service meets your expectations. However, sometimes problems occur. If you are dissatisfied about your experience with the Fund, or this product, you may make a formal written complaint to **The Complaints Officer, NGS Super, GPO**

Box 3822, Sydney NSW 2001. We have in place an internal complaints resolution procedure that will attempt to resolve your complaint in the first instance.

The matter will be investigated by the Complaints Officer and reported to the Trustee Board for decision. You will be advised of the Trustee's decision as soon as possible and within 90 days, or within 30 days of the Trustee's decision, whichever is the earlier.

Please remember to include an address to which the response can be mailed. If the Trustee has not responded to your complaint within 90 days, or you are not satisfied with the Trustee's decision, you may be able to take the matter to a special Government body called the Superannuation Complaints Tribunal (SCT).

You can contact the SCT by telephone 1300 780 808 or write to them at: Locked Mail Bag 3060, GPO Melbourne VIC 3001. Please refer to the SCT at www.sct.gov.au for further information. While NGS Super has a process in place to deal with complaints from members, the Trustee's objective is to avoid complaints by providing a superior level of service to members and if complaints do occur, to resolve them to the satisfaction of all concerned. A copy of the Fund's detailed enquiries and complaints procedures is available on request from our Customer Service Team on **1300 133 177** or by emailing administration@ngssuper.com.au

We protect small superannuation accounts

Our protection policy aims to protect members with account balances of less than \$1,000 from administration fee erosion. Under the policy, accounts with a low balance receive a rebate so that administration charges do not exceed interest paid on an account unless the Fund's investment returns are less than the Fund's administration costs.

Keep in touch

To ensure you receive regular updates on your super, remember to inform us in writing if you change your address or employer. Thousands of Australians lose track of the money they have in super because their fund does not have their correct contact details. A *Change of Details Form* is included with this Annual Report if you wish to change any of your personal particulars or your nomination of preferred beneficiary.

Meet the new NGS Super Board

NGS Super is run on behalf of the members by a trustee company, Non-Government Schools Superannuation Fund Pty Ltd (ACN 003 491 487) which is run by Member and Employer appointed Trustee Directors. The Trustee Directors represent the interests of all members and are responsible for making decisions on the strategic management of the Fund.

Your Trustee Board as at 30 June 2006



Back Row: Glen Seidel, Daniel Watson, Cathryn Hickey, David Buley, Kevin Phillips, John Quessey
Front Row: Judith McGregor, Peter Fogarty, Gloria Taylor (Chair), Stephen Mathwin (Deputy Chair), Heather Walsh, Barry Morrison

MEMBER REPRESENTATIVE DIRECTORS

Gloria Taylor (Chair), Kevin Phillips, John Quessey
Appointed by the IEU NSW

Barry Morrison, Glen Seidel
Appointed by the IEU SA

Cathryn Hickey
Appointed by the VIEU

EMPLOYER REPRESENTATIVE DIRECTORS

Stephen Mathwin (Deputy Chair)
Appointed by the AIS SA

David Buley, Judith McGregor
Appointed by the AIS NSW

Heather Walsh
Appointed by the AIS NSW representing ACT

Peter Fogarty
Appointed by the Catholic Hierarchy NSW

Daniel Watson
Appointed by the SA Commission for Catholic Schools

Principal organisations

NGS Super is sponsored by the Association of Independent Schools (AIS), the Catholic Hierarchy of New South Wales, the SA Commission for Catholic Schools and the Independent Education Union (IEU). The principal organisations are responsible for electing and removing Trustee Directors.

NGS Super has a specific set of rules applying to the appointment and removal of Trustee Directors. For a copy of the Trustee's election rules, please contact the Trustee Office on (02) 9232 7727.

Trustee liability insurance

NGS Super pays for indemnity insurance to protect the Trustee, its Directors and the Fund from the financial effects of any "honest mistakes" that may occur in the day-to-day management of the Fund.

The Trust Deed

The governing rules of NGS Super are contained in the Trust Deed, which is available from the Trustee's Office. This document covers issues such as who can join the Fund, how contributions are

received and invested, and how benefits are paid. The Trust Deed is the final authority in the event of any inconsistency or uncertainty.

The Trust Deed has been amended to incorporate changes which occurred over the last twelve months, in particular those required by the granting of the Fund's public offer licence.

If you would like to obtain a copy of the amended NGS Super Trust Deed, please contact the Trustee Office on (02) 9232 7727.

Service providers

The following companies provide services to the NGS Super Trustee Board to promote and support the efficient management of the Fund.

Administrator:

CitiStreet Australia Pty Limited

Adviser:

Mercer Human Resources Consulting Pty Ltd (ABN 32 005 315 917), a corporate authorised representative number 260851 of Mercer Investment Nominees Limited (ABN 79 004 717 533) AFS Licence Number 235906 (MINL), which belongs to the Marsh & McLennan Group of Companies.

Auditor:

Deloitte Touche Tohmatsu

Bank:

Westpac Banking Corporation

Custodian:

BNP Paribas Pty Ltd

Insurer:

CommInsure & ING Life Limited

Legal Adviser:

Kemp Strang Lawyers

Contact details

NGS Super Administration

Phone: **1300 133 177**

Phone number for callers outside of Australia: 61 7 3121 0718

Fax: (07) 3121 0724

Email: administration@ngssuper.com.au

Website: www.ngssuper.com.au

Postal address

PO Box 2095

MILTON BC QLD 4064

NGS Super Trustee Office (NSW)

Colin McGuinness
Chief Executive Officer

Bernard O'Connor
Assistant CEO

Mark Terry
Business Development Manager

Level 10, Suite 1
67 Castlereagh Street
SYDNEY NSW 2000

Postal address

GPO Box 3822

SYDNEY NSW 2001

Phone: (02) 9232 7727

Fax: (02) 9232 7752

SA Regional Office

Lisa Cook
Marketing Manager

Elaine Facchino
Client Relationship Manager

Level 1, 104 Frome Street
ADELAIDE SA 5000

Phone: (08) 8418 2400

Fax: (08) 8418 2401

VIC Regional Office

Debby Blakey
Senior Business Development Manager

Laurie Buchanan
Business Development Manager

Suite 214, Level 2
89 High Street
KEW VIC 3101

Phone: (03) 9854 6123

Fax: (03) 9854 6124

Industry Fund Financial Planning

Phone: 1300 138 848

Web: www.industryfundservices.com.au

Members Equity

Super Members Home Loans

Phone: 13 15 63

Web: www.membersequity.com.au

Mercer Wealth Solutions

Phone: 1300 883 318

Web: www.mercerwealthsolutions.com.au



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