



Earnings Rate Policy

Background

This Earnings Rate Policy applies to member accounts and replaces the previous methodology for applying interest with effect from the start of business on 28 June 2007.

Determinations for members exiting prior to Allocation

ARIA will issue an Exit Rate Determination for the Default Fund and Cash Investment Option, for each of the following dates:

28 June 2007
29 June 2007
30 June 2007

Each Exit Rate Determination will apply in respect of member accounts until such time as the next later dated Exit Rate Determination is issued. This is because the accuracy of information (such as accounting and valuation data) will improve. ARIA proposes to issue Exit Rate Determinations for the dates identified above during July and August 2007, as more information becomes available.

Allocation of earnings up to close of business 30 June 2007

As at 1 July 2007 ARIA will allocate to member accounts earnings for the period 1 July 2003 to 30 June 2007, using the Exit Rate for 30 June 2007, once determined, as described above.

Earnings Rates

With effect from 1 July 2007, for each business day, ARIA will determine an "Earnings Rate" for the Default Fund and Cash Investment Option. Each Earnings Rate will be expressed as a percentage number and represent earnings for the relevant Default Fund or Cash Investment Option from the beginning of that calendar month.

Allocation of earnings using Earnings Rates with effect from 1 July 2007

The applicable Earnings Rate for the last day of a calendar month will be used to apply earnings to member accounts for that month, other than for transactions **to** and **from** the member accounts recorded for that month:

- transactions that are processed **to** a member's account during a month will use the relevant Earnings Rates for the date of the transaction through to the end of that month, to reflect earnings on such amounts; and
- transactions that are processed **from** a member's account during a month will use the relevant Earnings Rates from the beginning of that month to the date of the transaction, to reflect earnings on such amounts.

Processing transactions to member accounts

Transactions will be processed from and to member accounts after validation; in accordance with the legislation and the terms of the agreement between the administrator and ARIA.

Members with account balances in the CSS Fund greater than \$1,000 may switch their entire balance of their account between the Default Fund and Cash Investment Option twice yearly. The cut-off for these switch transactions will generally be the last Friday of a month with the transaction processed once per month on the following Wednesday.

Minimum Amount on Exit

A new Minimum Amount on Exit (MAE) record will be established for each member as at 30 June 2007, generally being their account balance at 30 June 2003 plus contributions up to 30 June 2007. The dollar amount of a member's MAE will appear on future annual member statements from the 2007/08 statement and will also be available to members upon request. The balance of a member's account may, at any time, fall below the MAE. However when a member exits the Scheme, at least the total dollar amount of the MAE will be paid to the member. Partial withdrawals will reduce the MAE by the amount of each withdrawal.

In addition members in the Cash Investment Option at 30 June 2007 will not exit the Cash Investment Option with less than their balance in the Cash Investment Option at 30 June 2007.