



Westpac MasterTrust Fund Westpac Term Life as Superannuation

Annual Report for the year ended 30 June 2011

Contents

Welcome	3
Recent developments in Superannuation	4
Proposed developments in Superannuation	6
Other Useful information	7
<i>Contribution Caps and Rules</i>	7
<i>Nomination of Beneficiaries</i>	7
<i>Premiums</i>	8
<i>Payment of benefits</i>	8
When your insurance stops	9
Indemnity insurance	9
Enquiries and complaints	10
Further information	10
Trustee details	11

The Trustee is
Westpac Securities Administration Limited
ABN 77 000 049 472
Australian Financial Services Licence Number 233731
RSE Licence Number L0001083

The Superannuation Fund is
Westpac MasterTrust Fund
ABN 81 236 903 448
RSE Licence Number R1003970

Welcome

Dear member,

On behalf of the Trustee, Westpac Securities Administration Limited, I am pleased to present to you the 2011 Annual Report of the Westpac MasterTrust Fund (the Fund) for Westpac Term Life as Superannuation.

Your Westpac Term Life as Superannuation policy provides you with important insurance cover and can be an attractive way of funding your Term Life and optional TPD cover.

In this report, we highlight the key features of your policy, including, details of:

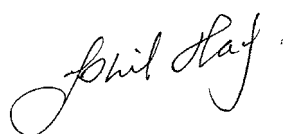
- the premiums you pay, including policy fees;
- the payment of your insurance benefits; and
- when your insurance stops.

Please take time to review this Annual Report and your Annual Statement which you would have recently received. These documents provide details on contributions made to your Term Life as Superannuation policy, premiums deducted and your nominated beneficiary confirmation.

If you have any questions, simply call one of our Customer Relations Consultants on 131 817 between 8.00am and 6.30pm (Sydney time), Monday to Friday.

I would like to take this opportunity to thank you for your continued support throughout the past year.

Yours sincerely



Phil Hay
Head of Life Insurance

Recent developments in superannuation

This section highlights the recent developments in superannuation and some potential changes that may impact you and your Term Life as Superannuation policy.

Deductibility of Total and Permanent Disability (TPD) premiums

From 1 July 2011, transitional rules which allow superannuation funds to claim a full deduction on most types of TPD insurance will cease. From this date, trustees will only be able to deduct premiums paid for TPD policies to the extent that the policy can provide 'disability superannuation benefits'.¹

The changes mean that policies such as 'own occupation' TPD will only be partially deductible to your superannuation fund. However, the Insurer will absorb the cost of any loss of deductibility for the 2011/12 income year, which should mean that there is little or no impact on members as a result of these changes.

Flood Levy

The Government has introduced a Temporary Flood and Cyclone Reconstruction Levy (flood levy) applying for the 2011/12 financial year only. The flood levy will apply to Australian and foreign residents who have a taxable income over \$50,000 in the 2011/12 financial year. This means the flood levy applies to certain payments from superannuation that are included in your taxable income.

If you are under age 60 when you receive a lump sum superannuation payment in 2011/12, a flood levy of up to 1% may be withheld from the taxable component in addition to the current rates of withholding tax.

The flood levy will not be withheld from lump sum payments you receive in 2011/12 if:

- you are aged 60 or over,
- the taxable component of the payment is \$50,000 or less,
- you have not provided your TFN (tax will be withheld from the taxable component at the top marginal rate, 46.5% for residents and 45% for non-residents),
- the total payment is less than \$200 and is your entire superannuation benefit,
- you receive the payment because you have a terminal medical condition, or
- the payment is a Departing Australia Superannuation Payment (DASP).

In addition, no flood levy will be payable for a superannuation lump sum payment paid as a result of the death of a member to a beneficiary who is a dependant for tax purposes.

Where required, flood levy will be withheld from the taxable component of a lump sum superannuation payment at the rates shown in the following table. No flood levy will apply to the tax free component of superannuation payments.

Taxable component of superannuation payment	Flood levy
Up to \$50,000	Nil
\$50,000 to \$100,000	0.5% of the taxable component exceeding \$50,000
Over \$100,000	1% of taxable component exceeding \$100,000 plus \$250 (being 0.5% of the taxable component between \$50,000 and \$100,000)

Note: The flood levy may be payable where the full amount is not withheld from your lump sum and you have other taxable income which, in addition to the taxable amount of the lump sum, is greater than the above thresholds.

1. Broadly, a benefit is a disability superannuation benefit if:

(a) it is paid to a person because he or she suffers from ill-health; and

(b) 2 legally qualified medical practitioners have certified that, because of the ill-health, it is unlikely that the person can ever be gainfully employed in a capacity for which he or she is reasonably qualified.

You may be exempt from paying the Flood Levy if you:

- were eligible for an Australian Government Disaster Recovery Payment for a natural disaster that occurred during 2010/11,
- were affected by an event that occurred during 2010/11 declared as a natural disaster, or
- received an ex-gratia payment from Centrelink before 30 June 2012 because you are a New Zealand citizen holding a special category visa.

Additional conditions apply. For further information on these changes and to see if you are impacted, you should speak to your financial planner.

Proposed developments in superannuation

The following changes were proposed in the 2010 and 2011 Federal Budgets but are yet to become law.

Proposed refund of excess concessional contributions where breach less than \$10,000

The Government has proposed that where an individual breaches their concessional contributions cap by \$10,000 or less, they can avoid excess contributions tax by requesting that the excess contribution be refunded. The refunded amount would be taxed at the individual's marginal tax rate.

If this proposal becomes law, the refund option would only be available for first-time breaches of the concessional contributions cap and only in respect of contributions made in the 2011/12 financial year or later years.

Proposed Changes to super guarantee contributions

The Government announced:

- the superannuation guarantee (SG) rate will gradually increase from 9% to 12% between 1 July 2013 and 1 July 2019. The rate will remain at 9% until the end of the 2012/13 financial year, and begin to rise, starting at 9.25% in the 2013/14 financial year.
- the SG age limit will be raised from 70 to 75 on 1 July 2013. This means that those still employed past age 70 will continue to be entitled to receive SG contributions into their superannuation until they turn 75.

Proposed increase to the Concessional Contributions Cap

From 1 July 2012, the concessional contribution cap is proposed to remain at \$50,000 for persons aged 50 or over, but only where their total super balances are below \$500,000. Unlike the current transitional cap which is fixed at \$50,000, the new cap is proposed to increase over time, remaining \$25,000 higher than the standard concessional contributions cap for those under 50 years of age.

This measure is proposed to begin once the existing transitional cap expires.

Proposed Superannuation contributions tax rebate for low-income earners

The Government announced that a new super contribution tax rebate of up to \$500 will be available for low-income earners from the 2012/13 financial year.

The usual tax that applies to concessional contributions (including employer contributions) will be rebated and invested back into the individual's superannuation account. The maximum rebate is \$500 (meaning all contributions tax paid on contributions up to \$3,333 per year would be rebated).

If passed into law, the rebate will only apply for those who earn \$37,000 or less.

Other useful information

This section contains important information about your Term Life as Superannuation policy.

Contribution Caps and Rules

Breaching contribution caps will result in you paying more tax than is needed. You should consider the amount and level of contributions you or your employer make to all your superannuation accounts (including Term Life as Superannuation), so these caps are not breached.

Concessional Contributions

For the 2011/12 financial year, the concessional contributions cap is \$25,000 per member.

The transitional concessional contributions cap is \$50,000 per member per year up to and including 2011/12 and only applies to members aged 50 or over at any time in a financial year.

Non-Concessional Contributions

For the 2011/12 financial year, the non-concessional contributions cap is \$150,000. If you were under 65 on 1st July 2011, you may be able to make up to \$450,000 of non-concessional contributions by bringing forward your cap in respect of the next two financial years.

To continue to make contributions you must be eligible to contribute to superannuation, or to have contributions made to superannuation on your behalf. The rules that apply generally depend on your age and/or employment status. Please refer to the current Westpac Protection Plans Product Disclosure Statement and Policy Document (PDS) on our website westpac.com.au for further information.

Nomination of beneficiaries

Your spouse and any of your dependants may be nominated as a beneficiary to receive a benefit in the event of your death. If you don't make a valid nomination, the Trustee will decide how and to whom your benefit will be paid.

Full details about how to make a death benefit nomination are available in the current Westpac Protection Plans PDS available on our website westpac.com.au

Premiums

The amount of your insurance premium depends on your level of insurance, gender, age, whether you are a smoker or a non-smoker, the cover selected and when it commenced, the frequency at which you choose to pay your contributions, and any special acceptance terms applied at the commencement of risk by Westpac Life Insurance Services Limited ABN 31 003 149 157 (Westpac Life). Tables of insurance premium rates are available on request.

Each premium payment includes a policy fee. At 1 October 2010, this fee (per payment) is:

- \$79.60 if you pay your premiums annually
- \$43.37 if you pay your premiums half-yearly
- \$21.68 if you pay your premiums quarterly; or
- \$7.23 if you pay your premiums monthly

The policy fee increases at 1 October each year in line with the Consumer Price Index. Each year your Annual Statement shows the details of your insurance premiums paid in the financial year.

Payment of benefits

You will accrue a benefit in the Fund in the event that:

- you have a valid claim under the Westpac Term Life as Superannuation policy; or
- you have paid your premiums and then cancelled your insurance within the cooling-off period.

In both these cases Westpac Life will deposit the amount of the insurance to your account with the Fund or refund the premium for payment to, or in respect of you.

In the unlikely event that you accrue a benefit in the fund that superannuation laws do not permit you to take in cash, you will need to transfer the amount to another superannuation fund. You need to advise us, within one month, of the name and details of the fund that you want your monies to be transferred to.

If a benefit accrues because you cancel your insurance and you haven't provided us with the details of the transferee fund within one month of doing so, you will lose the right to cancel the insurance during the cooling off period.

When your insurance stops

Your insurance continues until the earliest of:

- the date you cease to be eligible to contribute to superannuation or have contributions made to superannuation on your behalf;
- the renewal date before your 99th birthday;
- the date all your benefits end;
- your death;
- the date we cancel your insurance because you have not paid your premiums or any other amounts which relate to this insurance;
- the date we cancel or avoid the policy as a result of an innocent or fraudulent non-disclosure and/or misrepresentation made by you prior to our acceptance of risk or during the making of a claim; or
- the date you write to us and ask us to cancel your insurance.

Every year after your 65th birthday you will need to sign a declaration that you have been gainfully employed.

Gainful employment means being employed or self-employed for gain or reward in a business, trade, occupation or employment. You have to be gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which you contribute to the fund.

If you are unable to make this declaration from aged 65 and onwards, your insurance will cease. However, if you require insurance after this time, you may be eligible to apply to transfer your insurance to Westpac Term Life without further evidence of health and on the same insurance conditions.

Indemnity insurance

The Trustee is indemnified by a policy of insurance in respect of its duties as Trustee of the Fund.

Westpac Life is the insurer of Westpac Term Life as Superannuation. Westpac Life and Westpac Securities Administration Limited are wholly-owned subsidiaries of Westpac Banking Corporation ABN 33 007 457 141. This policy is not an investment in, deposit with, or other liability of Westpac Banking Corporation or any member company of the Westpac Group (other than Westpac Life). None of these companies guarantees the insurance benefits under this policy.

Enquiries and complaints

Our Customer Relations Centre is just a telephone call away on:

131 817
8.00am to 6.30pm (Sydney time)
Monday to Friday

If you wish to make a formal enquiry or complaint, please call our Customer Relations Centre or address it in writing to:

Westpac Protection Plans
Customer Relations Consultant
GPO Box 524
Sydney NSW 2001

When we receive your written enquiry or complaint it will be recorded, investigated and acted upon. We will endeavour to respond to a complaint as soon as possible and within 45 days.

Superannuation Complaints Tribunal

If you are not satisfied with the outcome of your complaint or our decision in relation to Westpac Term Life as Superannuation, you may contact the Superannuation Complaints Tribunal. The Tribunal is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints with fund trustees. The Tribunal may be able to assist you to resolve your complaint, but only if you are not satisfied with the response received from our handling of your complaint. If the Tribunal agrees to consider your complaint, it will attempt to resolve the matter through enquiry and conciliation. If conciliation fails, the Tribunal may make a determination in relation to the dispute.

Your correspondence for the Tribunal should be addressed to:

The Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne Victoria 3001

The Tribunal may also be contacted on **1300 884 114**.

Further information

Other information concerning the Fund, as well as complete audited financial statements for the Westpac Master Trust Fund and the auditor's report, will be available after 31 October 2011 from Westpac Securities Administration Limited,

Westpac Place
275 Kent Street
Sydney, NSW 2000

or by calling the Customer Relations Centre on **131 817**.

As permitted by the Corporations Act, certain financial and investment information (such as audited financial statements) have not been included in this report as the Fund wholly invests in a life policy.

Trustee details

Westpac Securities Administration Limited
ABN 77 000 049 472
Westpac Place, 275 Kent Street, Sydney, NSW 2000.

Directors of the Trustee

as at 30 June 2011

John Frechtling
John Shuttleworth
Shenaz Khan
David Lees
Lynn Ralph
David Plumb
Rebecca Davies

Registered Office

Westpac Place, 275 Kent Street, Sydney, NSW 2000.

More information?

Contact Customer Relations Centre on

131 817

8.00am to 6.30pm (Sydney time)

Monday to Friday

This information has been prepared without taking account of your objectives, financial situation or needs. Because of this you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs.