



# **Westpac Lifetime Superannuation Service and Westpac Flexible Income Plan.**

Annual Report for the year ended 30 June 2009

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Westpac Securities Administration Limited, ABN 77 000 049 472, AFSL 233731, is the trustee (Trustee) of the Westpac Master Trust – Superannuation Division (the Fund), ABN 81 236 903 448. The following products are part of the Fund and are covered in this Annual Report:

Westpac Lifetime Superannuation Service

Westpac Flexible Income Plan

The Fund is a resident regulated superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 (SIS) and is not subject to a direction under section 63 of SIS.

This Annual Report was prepared on 18 September 2009.

Your investment in the Fund is not guaranteed. The value of your investment can rise and fall depending on the investment returns achieved by the Investment Option(s) you select. You, with the assistance of your Financial Planner, are responsible for selecting the Investment Options in which you invest. We are not responsible for our decision to invest in the Investment Options you select and are not liable for any loss or damage you may incur as a result of you deciding to invest in, or withdraw from, a particular Investment Option.

The information contained with this report is general information only and does not take into account your individual objectives, financial situation or needs. You should assess whether this information is appropriate to you and talk to your Financial Planner before making an investment decision.

## Features at a glance.

**1****24 hour account access**

Access account information and product unit prices at any time, using Westpac Phonelink, our automated phone service.

**2****Roll over your other super accounts**

Consolidate your super using our Easy Rollover Tool at [www.bt.com.au/consolidation](http://www.bt.com.au/consolidation). Alternatively, you may complete a Request to Transfer form available on our website or by contacting Customer Relations, and send the completed form to your other super fund(s).

**3****Free switches**

Switch your superannuation balance between Investment Options.

**4****A range of investment options**

You can choose from a range of professionally managed Investment Options, covering a broad risk and return spectrum.

# Investment Overview.

## Understanding the risks of investing

No matter which Investment Option you choose to invest in, there will always be some level of investment risk. The variability of returns is known as investment risk. Generally, the higher level of risk you are prepared to accept, the higher the potential returns, or losses.

Risk can be managed and even minimised, but cannot be eliminated and there is always a chance you may lose money on any investments you make. You should be aware of these risks when investing and understand that not all risks are foreseeable.

Some common types of investment risks are outlined in the table below.

Risk type	Description of risk
Market risk	Markets are subject to a host of factors, including economic conditions, government regulations, market sentiment, local and international political events and environmental and technological issues. Market risk may have different impacts on each investment and investment style in that market at different times.
Security specific risk	An investment in a company may be affected by unexpected changes in that company's operations (such as changes in management or loss of a big customer) and business environment.
International investments risk	Investing internationally in one of the major asset classes will give exposure to different or potentially greater risks that are not associated with investing in Australia. International investments may be more affected by political and economic uncertainties, lower regulatory supervision, movements in foreign currency and interest rates and more volatile, less liquid markets.
Currency risk	For investments in international assets, a rise in the Australian dollar relative to other currencies, may negatively impact investment values and returns.
Interest rate risk	Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets. Interest rates may affect a company's cost of borrowings as well as the value of fixed interest securities.
Credit risk	Credit risk refers to a risk of loss arising from the failure of a borrower or other party to a contract to meet its obligations. This may arise in securities such as derivatives, fixed interest securities and mortgage securities.
Liquidity risk	This is the risk that an investment may not be easily converted into cash with little or no loss of capital and minimum delay because of either inadequate market depth or disruptions in the market place. Securities of small companies in particular may, from time to time, and especially in falling markets, become less liquid.
Derivative risk	The value of derivatives is linked to the value of the underlying assets and can be highly volatile. Potential gains and losses from derivative transactions can be substantial.

## Derivatives

These are investments whose value is derived from other assets, such as shares, and may be used as part of the portfolio management process. Futures contracts and options are examples of derivatives.

Derivatives may be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying asset. Derivatives can also be used to gain exposure to assets and markets. While derivatives offer the opportunity for significantly higher gains from a smaller investment (because of the effective exposure obtained) they can also produce significantly higher losses, sometimes in excess of the amount invested.

The Fund does not invest directly in derivative securities and the use of derivatives to gear the Investment Options is not permitted.

## Net earnings

The earnings rate for members in the Investment Option is reflected in the price of the units, rather than being credited or debited against the accounts of members. A change in the value of the members' unit price generally reflects the earnings of the supporting assets in the Investment Option.

## Net value of an Investment Option

The net value of an Investment Option is the value of all investments and cash held by the Investment Option less amounts owing or payable in respect of the Investment Option including any provision that is considered necessary. For example, provision might be made for possible future losses on an investment that is considered to be overvalued or cannot be fairly determined. A full description of the valuation method is given in the Trust Deed.

The net value of an Investment Option may include an asset known as Future Income Tax Benefit (FITB). A FITB arises when, for tax purposes, a loss is available to offset a future gain (ie so as to reduce the amount of gain that might otherwise be taxable). Our policy is to recognise FITBs in Westpac Super as a separate asset of the relevant Investment Option. Like any other asset in an Investment Option, the value of a FITB is reflected in the unit price for that Investment Option, through the calculation of the net asset value.

The value of a FITB can change over time based on the likelihood of being able to offset the losses against future gains and the time at which they can be used. Accordingly, changes in the value of a FITB asset may cause unit prices to change (as is the case with a change in the value of any other asset in the Investment Option).

The level of FITB recorded in the unit price of an Investment Option may be 'capped', taking into account the probability that accrued losses are able to be offset against future gains. The Joint ASIC and APRA Unit Pricing Guide to Good Practice, and Westpac policy require that FITB only be recognised in the net asset value and unit price of an Investment Option to the extent that the deferred tax benefit is expected to be realisable in the future. It may be necessary to reduce the level of FITB to ensure that the value of the Investment Option (and the unit price) is not over-stated.

## Unit pricing

We can change the way in which we calculate unit prices, as well as the buy/sell spread used. Information regarding any such change will be available on our website or by calling Customer Relations. Notice will not ordinarily be provided, however we may provide notice on our website, or in the next regular communication.

## Investment Options.

The Fund has a range of Investment Options. Members can choose to invest in any combination of these Investment Options (subject to a maximum of five Investment Options at any one time). You cannot switch between the Contribution Fee and Nil Contribution Fee Investment Options.

The Fund currently invests through a life policy issued by Westpac Life Insurance Services Limited (represents 100% of the Fund). State Street Global Advisors Australia Limited has been appointed to manage the Westpac International Share Investment Option and the international share holdings in the Diversified Investment Options.

The Investment Option profile section (beginning on the next page) gives you a snapshot of each Investment Option together with other information including:

- the full range of Investment Options available within the Fund;
- the investment objectives, strategy and fund size of each Investment Option; and
- asset allocation information, including strategic range, target position and allocations for 30 June 2008 and 30 June 2009.

The following table will assist you with understanding the Investment Option profiles.

<b>Investment Objective</b>	The investment objective for each Investment Option represents our current target, which may change over time. These aims may not be achieved and we do not forecast or guarantee the future performance of any Investment Option.
<b>Strategy</b>	The strategy describes the process used by the investment managers when investing in the relevant asset classes to achieve the investment objective.
<b>Asset allocation Target Position (TP) and strategic ranges</b>	This section provides details on the asset classes, in which each Investment Option invests and the asset allocation target position and ranges for each Investment Option. The asset allocation target position is the starting point for all asset allocation decisions. We will actively adjust the exposure within the specified ranges to maximise the Investment Option's investment returns.

# Investment Option profiles.

## Westpac Lifetime Superannuation Service

	Conservative Growth				Moderate Growth			
<b>Investment Objective</b>	Aims to provide a conservative level of capital growth over the medium term (at least three years) and a relatively high level of interest earnings				Aims to provide a moderate level of capital growth over the medium term (at least three years) and a moderate level of interest earnings.			
<b>Strategy</b>	Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that the majority of the underlying assets provide income for reinvestment. Such assets include bank-billed and cash on deposit as well as Australian and international fixed interest. The fund also invests in growth assets such as shares and property, to provide potential for higher returns.				Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that the majority of the underlying assets provide income for reinvestment. Such assets include bank-backed bills and cash on deposit as well as Australian and international fixed interest. The fund also invests in growth assets such as shares and property, to provide potential for higher returns.			
<b>Asset Allocation</b>	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Target Position	Strategic Range	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Target Position	Strategic Range
<b>Australian Shares</b>	10	10	10	5-15	17	17	17	7-27
<b>International Shares</b>	5	5	5	0-10	10	10	10	0-20
<b>Property</b>	5	5	5	0-20	8	8	8	0-20
<b>Australian Fixed Interest</b>	24	26	25	10-30	29	32	30	20-40
<b>International Fixed Interest</b>	10	10	10	0-20	10	10	10	0-20
<b>Cash</b>	46	44	45	40-60	26	23	25	15-35

## Investment Option profiles.

### Westpac Lifetime Superannuation Service

	Balanced Growth				Dynamic Growth			
<b>Investment Objective</b>	Aims to provide a high level of capital growth over the long term (at least five years) from a balanced portfolio of assets.				Aims to maximise capital growth over the long term (at least five years) from a dynamic portfolio that includes a high proportion of Australian and international shares.			
<b>Strategy</b>	Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that the underlying assets of the Investment Option include assets with long term growth potential such as Australian and international shares and property.				Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that a significant proportion of assets, normally between 60% and 80%, are invested in Australian and international shares. This means that the likelihood of short term fluctuations in capital value is expected to be greater than with other Investment Options offered.			
<b>Asset Allocation</b>	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Target Position	Strategic Range	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Target Position	Strategic Range
<b>Australian Shares</b>	33	33	33	23-43	41	40	40	25-55
<b>International Shares</b>	21	21	22	12-32	29	29	30	15-45
<b>Property</b>	10	10	10	0-20	10	10	10	0-25
<b>Australian Fixed Interest</b>	19	21	20	10-30	10	11	10	0-25
<b>International Fixed Interest</b>	10	10	10	0-20	5	5	5	0-20
<b>Cash</b>	7	5	5	0-20	5	5	5	0-40

	Money Market			Australian Property Securities		
<b>Investment Objective</b>	Aims to provide a high level of capital security and to maximise interest earnings from a portfolio that invests mainly in money market securities.			Aims to provide investors with a diversified portfolio of property investments offering potential for long term capital growth.		
<b>Strategy</b>	Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that the underlying assets of the Investment Option consist wholly of short term liquid assets such as bank bills.			Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that the underlying assets of the Investment Option provide an exposure to various types of properties throughout Australia such as office blocks, shopping centres and industrial buildings.		
<b>Asset Allocation</b>	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Strategic Range	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Strategic Range
<b>Property</b>	n/a	n/a	n/a	100	97	90-100
<b>Cash</b>	100	100	100	n/a	3	0-10

	Australian Shares			International Shares		
<b>Investment Objective</b>	Aims to provide access to capital growth and dividends from investment in Australian shares.			Aims to provide medium to longer term capital growth from investment in a selection of overseas share markets.		
<b>Strategy</b>	Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that the underlying assets of the Investment Option consists of a selection of shares of companies that offer potential returns from long term growth and company dividends.			Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that the underlying assets of the Investment Option consist of shares in a range of leading international companies.		
<b>Asset Allocation</b>	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Strategic Range	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Strategic Range
<b>Australian Shares</b>	100	100	90-100	n/a	n/a	n/a
<b>International Shares</b>	n/a	n/a	n/a	100	97	90-100
<b>Cash</b>	0	0	0-10	0	3	0-10

## Investment Option profiles.

### Westpac Flexible Income Plan

	Balanced Growth				Dynamic Growth			
<b>Investment Objective</b>	Aims to provide a high level of capital growth over the long term (at least five years) from a balanced portfolio of assets.				Aims to maximise capital growth over the long term (at least five years) from a dynamic portfolio that includes a high proportion of Australian and international shares.			
<b>Strategy</b>	Investing either directly in assets or indirectly through collective investments (such as life policies or unit trusts) so that the underlying assets of the Investment Option include assets with long term growth potential such as Australian and international shares and property.				Invests a significant proportion of assets, normally between 60% and 80% in Australian and international shares. This means that the likelihood of short term fluctuations in capital value is expected to be greater than with other Investment Options offered.			
<b>Asset Allocation</b>	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Target Position	Strategic Range	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Target Position	Strategic Range
<b>Australian Shares</b>	34	34	33	23-43	41	41	40	25-55
<b>International Shares</b>	22	22	22	12-32	30	30	30	15-45
<b>Property</b>	10	10	10	0-20	10	10	10	0-25
<b>Australian Fixed Interest</b>	21	21	20	10-30	10	11	10	0-25
<b>International Fixed Interest</b>	10	11	10	0-20	5	5	5	0-20
<b>Cash</b>	3	2	5	0-20	4	3	5	0-40

	Moderate Growth				Conservative Growth			
<b>Investment Objective</b>	Aims to provide a moderate level of capital growth over the medium term (at least three years) and a moderate level of interest earnings.				Aims to provide a conservative level of capital growth over the medium term (at least three years) and a relatively high level of interest earnings.			
<b>Strategy</b>	Invests in assets that provide income for reinvestment. Such assets include bank-backed bills and cash on deposit as well as Australian and international fixed interest. The Investment Option also invests in growth assets, such as shares and property, to provide potential for higher returns.				Invests in assets that provide income for reinvestment. Such assets include bank-backed bills and cash on deposit as well as Australian and international fixed interest. The Investment Option also invests in growth assets, such as shares and property, to provide potential for higher returns.			
<b>Asset Allocation</b>	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Target Position	Strategic Range	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Target Position	Strategic Range
<b>Australian Shares</b>	18	18	17	7-27	10	15	10	5-15
<b>International Shares</b>	10	10	10	0-20	5	5	5	0-10
<b>Property</b>	8	8	8	0-20	5	0	5	0-20
<b>Australian Fixed Interest</b>	31	32	30	20-40	26	26	25	10-30
<b>International Fixed Interest</b>	10	11	10	0-20	10	11	10	0-20
<b>Cash</b>	23	21	25	15-35	44	43	45	40-60

## Investment Option profiles.

### Westpac Flexible Income Plan

	Australian Shares			International Shares		
<b>Investment Objective</b>	Aims to provide access to capital growth and dividends from investment in Australian shares.			Aims to provide medium to longer term capital growth from investment in a selection of overseas share markets.		
<b>Strategy</b>	Invests in a selection of shares of companies that offer potential returns from long term growth and company dividends.			Invest in shares in a range of leading international companies.		
<b>Asset Allocation</b>	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Strategic Range	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Strategic Range
<b>Australian Shares</b>	100	100	90-100	n/a	n/a	n/a
<b>International Shares</b>	n/a	n/a	n/a	99	100	90-100
<b>Cash</b>	0	0	0-10	1	0	0-10

	Money Market			Australian Property Securities		
<b>Investment Objective</b>	Aims to provide a high level of capital security and to maximise interest earnings from a portfolio that invests mainly in money market securities.			Aims to provide investors with a diversified portfolio of property investments offering potential for long term capital growth.		
<b>Strategy</b>	Invests in short term liquid assets such as bank bills. Westpac Life provides a guarantee that the unit price will not fall.			Invests in assets that provide an exposure to various types of properties throughout Australia such as office blocks, shopping centres and industrial buildings.		
<b>Asset Allocation</b>	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Strategic Range	Asset allocation at 30 June 2009 %	Asset allocation at 30 June 2008 %	Strategic Range
<b>Property</b>	n/a	n/a	n/a	100	100	90-100
<b>Cash</b>	100	100	100	0	0	0-10

# Performance.

## Westpac Lifetime Superannuation Service

Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards.

Total returns are calculated:

- using withdrawal prices appropriate for the month end;
- taking into account management costs of the relevant Investment Option; and
- taking into account earnings tax up to a maximum of 15% plus withholding tax paid on foreign income (if any).

Certain other fees such as contribution fees or withdrawal fees (if any) are not taken into account.

The latest performance information and more information about how performance is calculated is available from our website at [www.westpac.com.au](http://www.westpac.com.au)

Investment returns shown are historical. Investment returns can go up and down and past performance is not a reliable indicator of future performance. Future performance is not guaranteed.

## Contribution Fee Investment Options

Investment Option	Inception date	One year returns to 30 June					Compound average 5yr annual returns to 30 June 2009 % pa
		2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)	
Dynamic Growth	31 March 1999	11.80	14.70	12.80	-12.97	-12.69	1.91
Balanced Growth	31 March 1995	11.20	12.00	11.20	-10.48	-9.88	2.23
Moderate Growth	31 March 1995	8.20	7.20	7.60	-4.91	-3.98	2.64
Conservative Growth	31 March 1995	6.50	5.10	5.90	-1.36	-0.80	3.01
Australian Shares	31 March 2001	24.50	20.20	21.20	-10.30	-14.97	6.71
International Shares	31 March 2001	-1.30	15.90	5.60	-20.07	-17.73	-4.51
Australian Property Securities	31 March 2001	13.70	14.40	20.60	-32.21	-39.83	-8.55
Money Market	31 March 2001	3.40	3.40	4.00	4.58	3.19	3.73
Cash Plus Fund*	23 August 2000	3.40	3.50	4.10	4.80	3.37	3.83

\*This fund is closed to new investors

## Performance.

### Nil Contribution Fee Investment Options

Investment Option	Inception date	One year returns to 30 June					Compound average 5yr annual returns to 30 June 2009 % pa
		2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)	
Dynamic Growth	18 February 2002	11.30	14.20	12.40	-13.31	-13.03	1.50
Balanced Growth	17 February 2002	10.70	11.50	10.80	-10.83	-10.16	1.82
Moderate Growth	24 February 2002	7.70	6.70	7.20	-5.27	-4.27	2.24
Conservative Growth	25 March 2002	6.10	4.70	5.50	-1.73	-1.15	2.62
Australian Shares	20 February 2002	24.40	19.80	20.70	-10.63	-15.36	6.36
International Shares	20 February 2002	-1.70	15.40	5.10	-20.33	-18.21	-4.92
Australian Property Securities	20 February 2002	14.00	13.90	20.20	-32.54	-39.83	-8.72
Money Market	21 February 2002	3.00	3.00	3.60	4.15	2.85	3.33

## Westpac Flexible Income Plan

Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards.

Total returns are calculated:

- using withdrawal prices appropriate for the month end;
- taking into account management costs of the relevant Investment Option; and
- taking into account earnings tax up to a maximum of 15% plus withholding tax paid on foreign income (if any).

Certain other fees such as contribution fees or withdrawal fees (if any) are not taken into account.

The latest performance information and more information about how performance is calculated is available from our website at [www.westpac.com.au](http://www.westpac.com.au)

Investment returns shown are historical. Investment returns can go up and down and past performance is not a reliable indicator of future performance. Future performance is not guaranteed.

## Contribution Fee Investment Options

Investment Option	Inception date	One year returns to 30 June					Compound average 5yr annual returns to 30 June 2009 % pa
		2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)	
Dynamic Growth	1 July 2000	13.60	16.60	14.91	-14.53	-12.65	2.60
Balanced Growth	1 July 2000	13.00	13.60	13.04	-11.69	-9.49	3.00
Moderate Growth	1 July 2000	9.70	8.40	8.95	-5.26	-3.13	3.52
Conservative Growth	1 July 2000	7.70	6.10	7.02	-1.21	0.14	3.89
Australian Shares	18 July 2001	28.90	22.90	24.82	-11.18	-15.88	8.11
International Shares	31 July 2001	-1.80	17.80	5.99	-22.36	-17.57	-4.72
Australian Property Securities	19 July 2001	16.30	16.40	23.51	-35.34	-39.80	-8.23
Guaranteed Money Market	1 July 2000	4.00	4.10	4.90	5.66	4.00	4.53

## Performance.

### Nil Contribution Fee Investment Options

Investment Option	Inception date	One year returns to 30 June					Compound average 5yr annual returns to 30 June 2009 % pa
		2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)	
Dynamic Growth	5 March 2002	13.10	16.10	14.45	-14.87	-12.85	2.20
Balanced Growth	5 March 2002	12.40	13.10	12.57	-12.01	-9.83	2.58
Moderate Growth	5 March 2002	9.20	7.90	8.52	-5.60	-3.55	3.10
Conservative Growth	14 April 2002	7.30	5.70	6.53	-1.59	-0.01	3.53
Australian Shares	7 March 2002	28.00	22.40	24.28	-11.55	-16.36	7.57
International Shares	7 March 2002	-1.80	17.30	5.60	-22.59	-17.86	-5.02
Australian Property Securities	7 March 2002	15.90	15.90	23.01	-35.75	-39.57	-8.49
Guaranteed Money Market	7 March 2002	3.50	3.70	4.50	5.23	3.58	4.12

## Fees and other costs.

### Westpac Lifetime Superannuation Service

This section shows the fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

The fees shown in this section are the latest available at the time of preparing this report. You should view our website at [www.westpac.com.au](http://www.westpac.com.au) for details of any changes to fees and costs.

Type of fee or cost	Amount		
	<b>Contribution fee Investment Options</b>	<b>Nil Contribution fee Investment Options</b>	<b>How and when paid</b>
<b>Contribution fee</b>	0%-3%	Nil	Deducted from your contribution or transfer amount upon receipt, prior to purchasing units in the relevant Investment Option(s).
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	In the first year <sup>^</sup> 3%	
		Year 1-2 2.25%	
		Year 2-3 1.50%	
		Year 3-4 0.75%	
		Year 4+ Nil Of the amount withdrawn, including any accrued earnings during the first four years following investment of each contribution.	Deducted from your Investment Option(s) on a pro-rata basis at the date you leave the Fund or make a partial withdrawal.
	No additional fee is charged for your first two withdrawal transactions (includes transfers and rollovers) in any calendar year. Any additional withdrawals in that year will incur a fee of \$70.10 <sup>^</sup> per withdrawal. If you have chosen the Nil Contribution Fee option, this fee is charged in addition to the withdrawal fee noted above.		The fee is deducted from your gross redemption.
<b>Management Costs</b> The fees and costs for managing your investment			
<b>Indirect Cost Ratio# (%) pa</b>			Calculated on the asset value of the Investment Options daily and generally deducted on a daily basis and reflected in the unit price.  Based on latest available information 30 June 2008.
Dynamic Growth	1.72	2.12	
Balanced Growth	1.72	2.12	
Moderate Growth	1.71	2.11	
Conservative Growth	1.71	2.11	
Australian Shares	1.71	2.11	
International Shares	1.76	2.16	
Australian Property Securities	1.70	2.10	
Money Market	1.40	1.80	
Cash Plus <sup>~</sup>	1.40	n/a	
Administration fee	\$5.82 per month*		Deducted from your account at the beginning of each month for the preceding month. The fee is pro-rated across your Investment Option(s).
<b>Service Fees</b>			
<b>Investment switching fee</b> The fee for changing Investment Options	Nil A Contribution fee (0%-3%) may apply if you are switching from the Money Market Investment Option to another Investment Option.		Deducted from the Investment Option you are switching into, on the date of the switch, via redemption of units.

<sup>^</sup> Each year is determined by the anniversary date of each contribution.

# The Indirect Cost Ratio is comprised of the Issuer Fee and Expense Recoveries combined.

<sup>~</sup> This Investment Option is closed to new investors.

\* These are the fees as at 30 June 2009. These increase on 1 October each year in line with increases in the Consumer Price Index.

## Fees and other costs.

### Other fees

#### Insurance charges

If you have insurance in your Fund, the Trustee calculates the cost of insurance each month and deducts it directly from your account. Tables of insurance charge rates are available on request. The insurance charge depends on your level of insurance, gender, age, whether you are a smoker or non-smoker, the cover selected and any special acceptance terms imposed at the commencement of risk by Westpac Life Insurance Limited.

#### Transaction costs

Transaction costs are costs relating to the buying and selling of underlying assets (such as brokerage and stamp duty) and are costs that an investor would incur if he or she invested directly in the underlying assets. These costs are not included in the management costs and are not deducted directly from your investment. Rather, the costs are borne indirectly by members by reducing returns generated by the Investment Option and, therefore, the value of your investment.

#### Buy-sell spread

We apply an adjustment to the unit price so that there is a difference between the contribution and withdrawal price for an Investment Option. The buy-sell spread is an additional cost to you and is incurred whenever you invest or withdraw funds. As the cost is built into the unit price, the buy-sell spread will not be shown as a transaction on any statement we send you.

The buy-sell spread is retained by the Investment Option (it is not a fee paid to us) and represents a contribution to the transaction costs (such as brokerage) incurred when the Investment Option is purchasing or selling underlying assets. The purpose of imposing the buy-sell spread is to ensure these costs are fairly borne by members investing into or withdrawing from an Investment Option, and that other members (i.e. those not investing into or withdrawing from the Investment Option at a particular time) are not disadvantaged.

The current buy-sell spread maximum is 0.50% of the net value of the Investment Option's assets (as defined in the Fund's Trust Deed), represented as the difference between the contribution price and the withdrawal price. There is no buy-sell spread on the Money Market or Cash Plus Investment Options. We may vary the buy-sell spread for an Investment Option from time to time and the updated information is available on our website [www.westpac.com.au](http://www.westpac.com.au) or by calling Customer Relations. Notice will not ordinarily be provided of any changes.

For example, if you invest \$10,000 in an Investment Option at the maximum buy-sell spread of 0.50%, you will generally incur this cost, being \$50 at the time of investment.

#### Contribution fee

A contribution fee of 3% of each contribution applies to investments in the Investment Options. In respect of Members prior to 11 February 2002, there is currently no contribution fee for the Money Market Fund. For investment in the other Investment Options, a contribution fee applies for each contribution. The contribution fee is 3% on the first \$100,000 and 1.5% on the balance. Contribution fees are deducted at the time a contribution is received or a transfer is made. Please note that when you switch from the Money Market Fund to another Investment Option, any amount that has not already been subject to a contribution fee will be deducted from the normal contribution fee.

## Westpac Flexible Income Plan

This section shows the fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund assets as a whole.

The fees shown in this section are the latest available at the time of preparing this report. You should view our website at [www.westpac.com.au](http://www.westpac.com.au) for details of any changes to fees and costs.

Type of fee or cost	Amount		
	<b>Contribution fee Investment Options</b>	<b>Nil Contribution fee Investment Options</b>	<b>How and when paid</b>
<b>Contribution fee</b>	0%-3%	Nil	Deducted from your contribution or transfer amount upon receipt, prior to purchasing units in the relevant Investment Option(s).
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	In the first year <sup>^</sup> 3%	
		Year 1-2 2.25%	
		Year 2-3 1.50%	
		Year 3-4 0.75%	
	Year 4+ Nil Of the amount withdrawn, including any accrued earnings during the first four years following investment of each contribution.	Deducted from your Investment Option(s) on a pro-rata basis at the date you leave the Fund or make a partial withdrawal.	
	No additional fee is charged for your first two withdrawal transactions (includes transfers and rollovers) in any calendar year. Any additional withdrawals in that year will incur a fee of \$28.30 <sup>^</sup> per withdrawal. If you have chosen the Nil Contribution Fee option, this fee is charged in addition to the withdrawal fee noted above.		The fee is deducted from your gross redemption.
<b>Management Costs</b> The fees and costs for managing your investment			
<b>Indirect Cost Ratio# (%) pa</b>			Calculated on the asset value of the Investment Options daily and generally deducted on a daily basis and reflected in the unit price.  Based on latest available information 30 June 2008.
Australian Shares Fund	1.74	2.14	
International Shares Fund	1.79	2.19	
Australian Property Securities Fund	1.74	2.14	
Guaranteed Money Market Fund	1.59	1.99	
Dynamic Growth Fund	1.76	2.16	
Balanced Growth Fund	1.75	2.15	
Moderate Growth Fund	1.74	2.14	
Conservative Growth Fund	1.74	2.14	
Administration fee	\$86.10 pa*		Deducted annually in advance The fee is pro-rated across your Investment Option(s).
<b>Service Fees</b>			
<b>Investment switching fee</b> The fee for changing Investment Options	Nil A Contribution fee (0%-3%) may apply if you are switching from the Money Market Investment Option to another Investment Option.		Deducted from the Investment Option you are switching into, on the date of the switch, via a redemption of units.

<sup>^</sup> Each year is determined by the anniversary date of each contribution.

# The Indirect Cost Ratio is comprised of the Issuer Fee and Expense Recoveries combined.

~ This Investment Option is closed to new investors.

\* These are the fees as at 30 June 2009. These increase on 1 October each year in line with increases in the Consumer Price Index.

## Fees and other costs.

### Other fees

#### Transaction costs

Transaction costs are costs relating to the buying and selling of underlying assets (such as brokerage and stamp duty) and are costs that an investor would incur if he or she invested directly in the underlying assets. These costs are not included in the management costs and are not deducted directly from your investment. Rather, the costs are borne indirectly by members by reducing returns generated by the Investment Option and, therefore, the value of your investment.

#### Buy-sell spread

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The buy-sell spread is retained by the Investment Option (it is not a fee paid to us) and represents a contribution to the transaction costs (such as brokerage) incurred when the Investment Option is purchasing or selling underlying assets. The purpose of imposing the buy-sell spread is to ensure these costs are fairly borne by members investing into or withdrawing from an Investment Option, and that other members (ie those not investing into or withdrawing from the Investment Option at a particular time) are not disadvantaged.

The current buy-sell spread maximum is 0.50% of the net value of the Investment Option's assets (as defined in the Fund's Trust Deed), represented as the difference between the contribution price and the withdrawal price. There is no buy-sell spread on the Money Market or Cash Plus Investment Options. We may vary the buy-sell spread for an Investment Option from time to time and the updated information is available on our website [www.westpac.com.au](http://www.westpac.com.au) or by calling Customer Relations. Notice will not ordinarily be provided of any changes.

For example, if you invest \$10,000 in an Investment Option at the maximum buy-sell spread of 0.50%, you will generally incur this cost, being \$50 at the time of investment.

#### Contribution fee

A contribution fee of 3% of each contribution applies to investments in the Investment Options. In respect of Members prior to 11 February 2002, there is currently no contribution fee for the Money Market Fund. For investment in the other Investment Options, a contribution fee applies for each contribution. The contribution fee is 3% on the first \$100,000 and 1.5% on the balance. Contribution fees are deducted at the time a contribution is received or a transfer is made. Please note that when you switch from the Money Market Fund to another Investment Option, any amount that has not already been subject to a contribution fee will be deducted from the normal contribution fee.

## Other important information.

### Recent developments in superannuation

#### Increase in superannuation thresholds

Each year, various thresholds used in the calculation of superannuation benefits and limits are indexed to keep pace with Average Weekly Ordinary Time Earnings (AWOTE). Some of the thresholds that apply for the 2009/10 financial year are as follows:

<b>Low rate cap</b>	\$150,000
<b>Concessional contributions cap</b>	
Age 50 or over	\$50,000
Under age 50	\$25,000
<b>Non-concessional contributions cap</b>	\$150,000
<b>Capital Gains Tax (CGT) Cap (lifetime limit)</b>	\$1,100,000
<b>Government Co-contributions</b>	
Maximum co-contribution*	\$1,000
Lower threshold	\$31,920
Upper threshold (cut off)	\$61,920

\*The maximum co-contribution payable is phased out by 3.333 cents for every dollar of total income over the lower threshold, until it reaches zero at the upper threshold.

#### Government superannuation co-contribution

A temporary reduction of the co-contribution matching rate from 150% to 100% will apply for the period 1 July 2009 to 30 June 2012 after which it will gradually return to the current rate as shown in the table below.

	2009-10 to 2011-12	2012-13 and 2013-14	2014-15 onwards
<b>Matching rate</b>	100%	125%	150%
<b>Maximum co-contribution</b>	\$1,000	\$1,250	\$1,500
<b>Phase out rate</b>	3.333 cents	4.167 cents	5 cents

This means, for 2009/10, if you meet the Government co-contribution eligibility criteria, make a personal after-tax contribution and your total income is less than \$31,920 the Government will contribute \$1.00 for each dollar you contribute up to \$1,000. The maximum co-contribution payable is phased out by 3.333 cents for every dollar you earn over \$31,920, until your total income reaches \$61,920.

#### Concessional contributions cap

For 2009/10 financial year, the concessional contributions cap will be reduced from \$50,000 to \$25,000 per member. In subsequent years, the concessional contributions cap will be indexed to Average Weekly Ordinary Time Earnings (AWOTE), rounded down to the nearest \$5,000.

The transitional concessional contributions cap will be reduced from \$100,000 to \$50,000 (not indexed) per member per year for 2009/10, 2010/11 and 2011/12 (transitional financial years). The transitional cap applies to members aged 50 or over at any time in a transitional financial year.

From 1 July 2009, the non-concessional contributions cap will be set at six times the concessional contributions cap. This means for 2009/10 the non-concessional cap will remain at \$150,000 (six times the concessional contributions cap of \$25,000).

## Other important information.

### Minimum pension payments

The Government has provided relief from the minimum pension payment requirements for the 2009/10 financial year. This means that your minimum pension payment specified by Government regulations will be halved for the year ended 30 June 2010. For example, if your minimum payment requirement for the 2009/10 financial year was \$10,000, you will be able to choose to take a payment of only \$5,000 for the financial year.

### Temporary residents

*Applicable to Westpac Lifetime Superannuation Service only*

The Government has introduced changes which alter the circumstances under which temporary residents of Australia can access their superannuation benefits.

*Accessing your superannuation benefit*

From 1 April 2009, if you are, or were, a temporary resident you can only access your preserved superannuation benefits if:

- you have departed Australia permanently and your visa has ceased
- you become permanently incapacitated; or
- you have a terminal medical condition.

In addition, your beneficiaries may access your benefits upon your death.

If you satisfied a condition of release prior to 1 April, you may still also be able to access your preserved superannuation benefits. You should speak to your financial adviser.

*Who is classified as a Temporary Resident for the purposes of this legislation?*

A temporary resident is a holder of a temporary visa under the Migration Act 1958.

This legislation does not effect:

- Australian citizens,
- New Zealand citizens,
- permanent residents of Australia, or
- holders of a retirement visa (Subclass 405 or 410).

*Treatment of accounts of temporary residents who have left Australia*

The Australian Government requires the Westpac Lifetime Superannuation Service Trustee to pay temporary residents' unclaimed superannuation to the ATO after at least 6 months have passed since the later of:

- the date a temporary resident's visa ceased to be in effect; and
- the date a temporary resident permanently left Australia.

The ATO identifies and informs the Trustee of the impacted members on a twice yearly basis. Once the benefit has been transferred to the ATO, investors are required to claim the benefit directly from the ATO ([www.ato.gov.au](http://www.ato.gov.au)).

The Australian Securities and Investment Commission has issued industry wide relief exempting Trustees of regulated superannuation funds from providing exit statements to temporary residents who cease to hold a superannuation account as a result of the transfer of that account to the Australian Tax Office (ATO) under the super unclaimed money legislation. On this basis, the Trustee of the Westpac Lifetime Superannuation Service will not issue exit documentation for temporary residents where an account balance has been paid to the ATO as unclaimed money.

In the event that the benefit has not yet been transferred to the ATO, investors are able to claim it from the Westpac Lifetime Superannuation Service under the Departing Australia Superannuation Payments (DASP) regime.

The tax rates for a DASP have increased for all payment requests received from 1 April as per the following table:

Components	New rates from 1 April 2009	Rates prior to 1 April 2009
Tax free component	0%	0%
Taxable component – taxed element	35%	30%
Taxable component – untaxed element	45%	40%

Full information regarding DASP procedures and current taxation rates can be found at [www.ato.gov.au](http://www.ato.gov.au).

#### *Temporary residents ineligible to start a pension*

Temporary residents may be ineligible to purchase an Australian superannuation pension or annuity. You should seek advice before applying for a Westpac Flexible Income Plan pension.

#### **Changes relating to same-sex relationships**

At the end of 2008, new legislation was introduced to eliminate discrimination against same-sex couples. This law reform package ensures that in relation to superannuation, taxation and family law matters, partners in and children of same-sex relationships are treated in the same manner as partners in and children of marital relationships.

In order to facilitate this change the definition of ‘spouse’ has been amended to include the following:

- your husband or wife via marriage; or
- your de facto partner or any other person with whom you are in a relationship (provided that this relationship is registered under a certain state or territory law); or
- another person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

This broader definition of spouse means that the following incentives are applicable to all spouses (including those in a same-sex relationship):

#### *Spouse contributions*

Your spouse may make contributions to your superannuation, as long as the contribution is paid from an account in the name of the contributing spouse or a joint account where the contributing spouse is an account holder.

#### *Tax offset for spouse contributions*

Your spouse may be able to claim a tax offset of up to \$540 for contributions they make to your superannuation account (note that the maximum offset will be available if your income is below \$10,800 pa and reduces to \$0 once your income is \$13,800 pa, and Government eligibility rules apply).

#### *Nomination of beneficiaries*

Your spouse may be nominated as a beneficiary to receive your Death Benefit. Full details about how to make a death benefit nomination are available on the Nomination of Beneficiaries form available at [www.westpac.com.au](http://www.westpac.com.au)

## Other important information.

### *Family law*

Your spouse is covered under the Family Law Act 1975 (“the Act”), which deals with the treatment of superannuation on relationship or marriage breakdown. The Act provides that a member’s superannuation benefit may be split with the member’s spouse or former spouse on marriage or relationship<sup>1</sup> breakdown. Alternatively, for a Westpac Lifetime Superannuation Service member a payment flag may be imposed on the member’s superannuation benefit.

In order for the Trustee to commence any payment split or impose a payment flag on your Westpac Lifetime Superannuation Service or Westpac Flexible Income Plan account, the Trustee must have been served with either:

- a superannuation agreement, made between you and your spouse or former spouse, and in accordance with the requirements of the Act, or
- an order of the Family Court of Australia, that specifies how your benefit is to be split with your spouse or former spouse or that a payment flag must be applied to your account.

The Act also specifies that the Trustee must be provided with certain evidence of marriage or relationship breakdown if you serve a superannuation agreement on the Trustee. You and/or your spouse or former spouse may arrange for the required documents to be served on the Trustee. Documents can only be served on the Trustee for the purposes of the Act at the following address:

Family Law and Superannuation Officer  
Westpac Securities Administration Limited  
c/- Westpac Place, 275 Kent Street  
Sydney NSW 2000

All documents served on the Trustee should be either an original or a certified copy.

If the Trustee is required to effect a payment split on your benefit, the value of your account will reduce by the amount that is paid to, or for the benefit of, your spouse or former spouse.

### **Payment of benefits as a result of a terminal medical condition**

If you are diagnosed as suffering from a terminal medical condition, you are now able to access your preserved superannuation benefits and any benefit payment you receive because of this condition will be exempt from tax.

You will be taken to be suffering from a terminal medical condition if two registered medical practitioners certify that the member suffers from an illness, or has incurred an injury that is likely to result in their death within a period of 12 months (the certification period). One of these certifying practitioners must be a specialist practicing in an area related to the member’s injury or illness.

If you satisfy this condition of release, all benefits which have accrued up to this time become unrestricted non-preserved. This condition of release also covers the certification period, meaning that any further benefits accrued within the 12 month certification period will also be treated as unrestricted non-preserved benefits.

### *What if you received a cash lump sum under another condition of release?*

If you received a superannuation lump sum payment after 1 July 2007 under another condition of release and you have a terminal medical condition, you may be entitled to a refund of the tax withheld.

You will need medical certification stating that you had a terminal medical condition (as outlined above):

- at the time the payment was made, or
- within 90 days of receiving the payment, or
- for 2007/08 financial year only, by 30 June 2008.

If you are applying for a refund after 21 July of the following financial year in which you received the payment, you will need to apply for a refund from the Australian Taxation Office (ATO). More information can be found on their website at [www.ato.gov.au](http://www.ato.gov.au).

1. Legislation to expand the Family Law Act to cover relationship breakdown as well as marriage breakdown came into effect on 1 March 2009 (with possible exception of South Australia and Western Australia).

## Upcoming legislative changes

### Unclaimed money

The Government has announced that it intends to introduce new rules in relation to how a superannuation fund deals with certain lost and inactive superannuation accounts.

If the proposed rules become law, from 1 July 2010, superannuation providers will have to transfer to the ATO as 'unclaimed monies' superannuation accounts:

- of lost members where the account balance is less than \$200
- which have been inactive for a period of five years if the fund has insufficient records to identify the owner of the account.

It is proposed that former members of these accounts will be able to reclaim their money from the ATO.

### Trans-Tasman retirement savings portability scheme

On 12 May 2009, the Government announced that it has agreed in principle to establish a 'trans-Tasman retirement savings portability scheme'. The scheme aims to permit transfers of superannuation savings between certain Australian superannuation funds and New Zealand KiwiSaver funds. To date, while a Memorandum of Understanding has been signed by Australia and New Zealand, no legislation has been introduced to Parliament and the start date of the scheme has not yet been determined.

## Superannuation Contribution Surcharge

If you are liable for superannuation contribution surcharge the amount will be deducted from your account.

## Complaints

We have arrangements for dealing with members' questions or complaints about the operation or management of the Fund. If you have a concern or a complaint, please contact a Customer Relations Consultant on 131 817. Where possible, member concerns received over the telephone are resolved at that time. If your concerns cannot be resolved in this way, you can outline your complaint in writing to:

Westpac Lifetime Superannuation Service/Westpac Flexible Income Plan  
The Complaints Officer  
GPO Box 3960  
Sydney NSW 2001

The Complaints Officer will endeavour to resolve your complaint within 30 days of receiving your letter and is required by law to deal with your enquiry or complaint within 90 days. However, if you are not satisfied with the response, or have not received a response within 90 days, you may contact the Superannuation Complaints Tribunal (the Tribunal):

- by calling 1300 780 808; or
- writing to:

Superannuation Complaints Tribunal  
Locked Bag 3060  
GPO Melbourne VIC 3001

The Tribunal is an independent body established by the Government to help members of super funds resolve complaints. The Tribunal will attempt to resolve your complaint through conciliation, helping you and us to reach an agreement. If your dispute cannot be resolved through conciliation, the Tribunal may make a binding determination.

## Other important information.

### Eligible Rollover Fund

*Applicable to Westpac Lifetime Superannuation Service only*

The Eligible Rollover Fund (ERF) currently selected by us is:

SuperTrace Eligible Rollover Fund  
Locked Bag 5429  
Parramatta NSW 2124

If your investment is transferred to SuperTrace:

- you will cease to be a member in the Plan and any insurance cover provided will also cease
- you will need to contact the SuperTrace Administrator on 1300 788 750 in order to claim your investment back or deal with your investment
- you will not be able to make contributions to the ERF
- you will not have investment choice – the trustee of the ERF will nominate the investment strategy
- the ERF will normally ensure that your benefits will not be eroded by administration fees and charges however other fees may apply. Please refer to the ERF's disclosure document for more details.

Your investment currently may be transferred to an ERF in the following circumstances:

- If you become a lost member, that is: one piece of written communication has been returned unclaimed, or we have never received your address details unless during the last five years we have verified that your address is correct and have no reason to believe it is not correct. (It is important that you inform us of any changes to your address details so that you are not transferred to the ERF. Trustees of regulated super funds report details of lost members to the ATO, which maintains a lost members register. Persons may search the register to ascertain whether they have benefits which are lost).
- If your investment balance falls below the minimum balance (currently \$1,200) you will be requested to make an additional investment to increase your balance over \$1,200. If you do not increase your investment, it may be transferred to the ERF.
- If you request to transfer your benefit to another fund and we cannot process that request due to insufficient information, or the other fund returns the money to us as they have been unable to process the request.
- You have requested a cash payment but you fail to present the cheque and the cheque goes stale.
- In any other circumstances permitted under superannuation law.

### Indemnity insurance

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

### Financial information

As permitted by the Corporations Act, certain financial and investment information (such as the audited financial statements) have not been included on the basis that the Fund invests through a life policy. You can obtain a complete audited financial statement for the Westpac Master Trust – Superannuation Division after October 2009 by calling Customer Relations.



# Contact Westpac.

## **Customer Relations**

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

You can also access our automated telephone service, 24 hours a day, seven days a week.

## **Our registered address is**

Level 20, Westpac Place  
275 Kent Street  
Sydney NSW 2000

## **Postal address**

Westpac Lifetime Superannuation Service/  
Westpac Flexible Income Plan  
GPO Box 3960  
Sydney NSW 2001

**Fax** +61 2 9274 5408

**Website** [westpac.com.au](http://westpac.com.au)

**Overseas enquiries** +61 131 817

## **Westpac branches**

Westpac branches are currently located throughout Australia. To find out the location of your nearest branch, simply visit [westpac.com.au](http://westpac.com.au) or call 131 817.