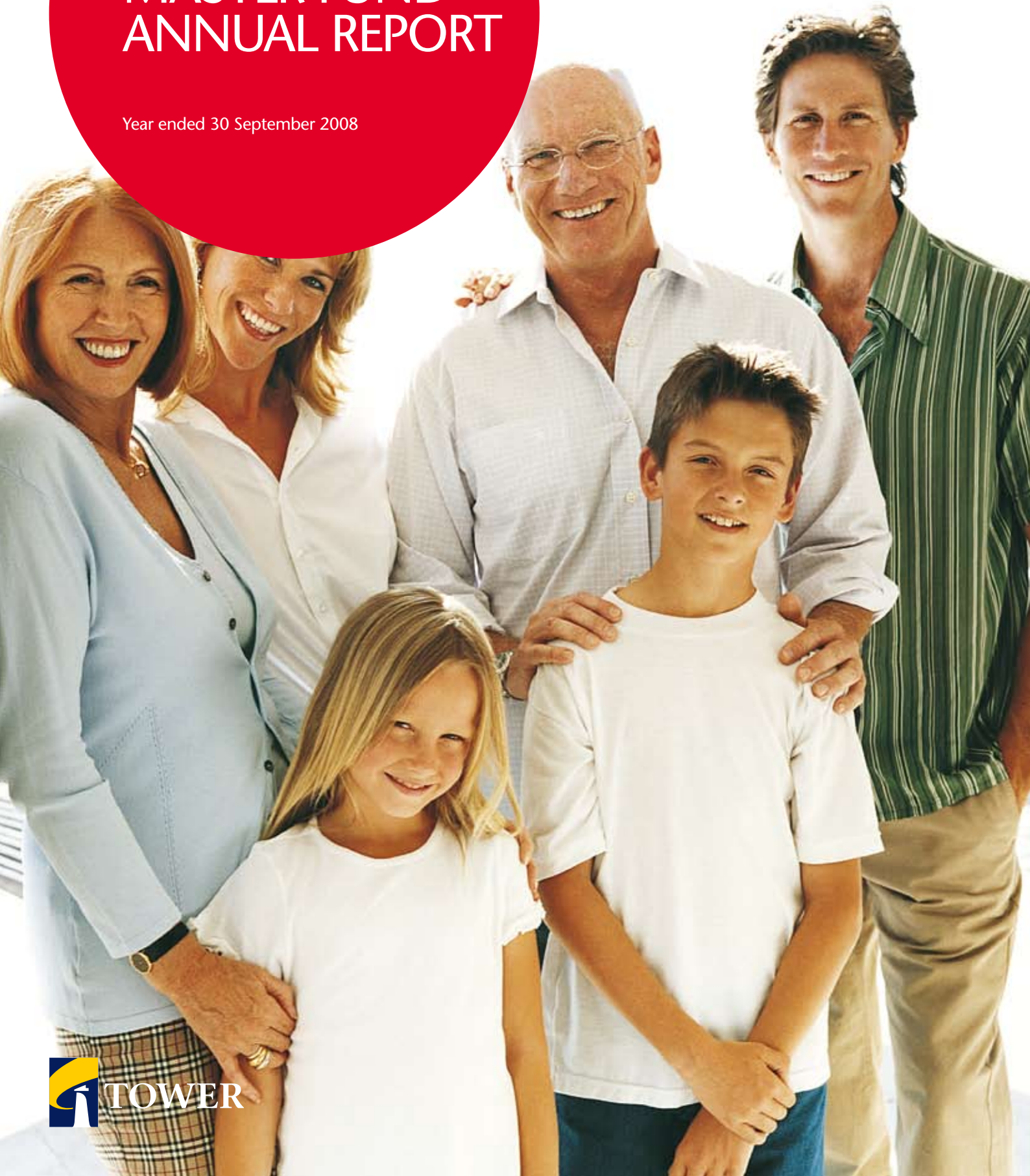


# THE TOWER MASTER FUND ANNUAL REPORT

Year ended 30 September 2008



# INTRODUCTION

This Annual Report is to be read in conjunction with your Annual Statement for the year ended 30 September 2008. Information in this Annual Report forms part of the Fund information otherwise contained in the Annual Statement for the Fund.

The following products are part of the TOWER Master Fund:

- Assurety Plans
- Assurety Superannuation Bond
- Blue Ribbon Executive - Super
- Blue Ribbon Plus - Super
- Blue Ribbon Series - Super
- Blue Ribbon Super Bond
- Capital Guaranteed Super Bond
- Master Assurety Plan
- Passport Superannuation
- Prestige Superannuation Bond
- Regular Premium Plan - Super
- Single Premium Plan - Super
- Super Regular Premium Plan

## DIRECTORY

### TOWER Master Fund

ABN 20 891 605 180  
SFN 149156  
RSE Reg. R1000894

### Issuer and Trustee

TOWER Australian Superannuation Limited  
ABN 69 003 059 407  
AFSL No. 237851  
RSE Lic L0000642

### Insurer & Administrator

TOWER Australia Limited  
ABN 70 050 109 450  
AFSL No. 237848

### Customer Service

Call 1800 226 364  
Monday to Friday  
8:30am – 6:00pm (EST)  
Email [customerservice@toweraustralia.com.au](mailto:customerservice@toweraustralia.com.au)

### TOWER Australia Limited

PO Box 142  
Milsons Point NSW 1565  
[www.toweraustralia.com.au](http://www.toweraustralia.com.au)

### Head Office

80 Alfred Street  
Milsons Point NSW 2061  
Call 02 9448 9000  
Fax 02 9448 9100

### Postal Address

PO Box 142  
Milsons Point NSW 1565

### Terms used in this Annual Report

ABN	Australian Business Number
AFSL	Australian Financial Services Licence
APRA	Australian Prudential Regulation Authority
the Fund	TOWER Master Fund
RSE Lic.	Registrable Superannuation Entity Licence
RSE Reg.	Registrable Superannuation Entity Registration
EST	Eastern Standard Time
pa	per annum
SCT	Superannuation Complaints Tribunal
SFN	Superannuation Fund Number
TOWER	TOWER Australia Limited
the Trustee	TOWER Australian Superannuation Limited
'we', 'us'	generally means the Trustee
'you', 'your', 'Member'	generally means the member of the Fund

Prepared and issued – December 2008

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# CHAIRMAN'S MESSAGE ON BEHALF OF THE TRUSTEE

Dear Member,

I'm pleased to provide you with the Annual Report for the year ended 30 September 2008, and hope you find it informative.

## A turbulent year

As you will know this has been a challenging year for investment and other financial markets. Conditions in investment markets have been very difficult and generally fund balances have been adversely affected by this.

Pleasingly actions by governments and regulators globally are intended to rebuild some stability and we hope that over time market confidence will build and asset values begin to increase again.

In Australia, we've seen the Reserve Bank lower interest rates and the Government move to endeavour to restore confidence in the economy. While the commitment of governments to stabilise the world economy has been received positively, the current market turmoil is a reminder to all that while a global economy can provide businesses with many opportunities, it can also create new risks.

In spite of the market volatility, we urge you to consider your long term investment strategy and to consult your financial adviser before making changes to your investments.

Many leading fund managers have posted negative returns for the past 12 months. In such times, it is reassuring to know that

your superannuation is being managed by a leading and highly respected multi manager. TOWER superannuation is managed by Russell Investment Management Ltd (Russell). Russell is the world's largest multi manager and is the only multi manager within Australia to be rated by Lonsec, an independent researcher, as 'Highly regarded'. Please refer to your annual report for details on each Fund's performance.

Despite this environment TOWER Group's financial performance has remained strong. This was also highlighted by Standard & Poor's which this year maintained the Rating for TOWER Australia and lifted its outlook for TOWER Australia Group to Positive.

## TOWER's commitment

This performance could not have been achieved without the outstanding commitment of our people. I look forward to the coming year and more opportunities to deliver high quality products and customer service to you.

Thank you for entrusting your funds to us.

We will continue to take close attention to the stewardship of our members investments.

Yours sincerely,



**Jim Minto**  
Chairman  
TOWER Australian  
Superannuation Limited



Jim Minto, Chairman

# GUIDING YOUR WAY

## About the Annual Report

The Annual Report provides information on how your Fund is managed and general information about changes to the superannuation sector.

## Role of the Trustee

The Trustee supervises the management of the Fund to make sure that it operates in accordance with the rules set out in the Trust Deed and that all relevant legal obligations are met.

## Benefits of superannuation

Superannuation is designed to allow you to live comfortably in retirement by encouraging you to invest money during your working life. The Government has made superannuation more flexible and has introduced a range of tax concessions that make it a very attractive investment.

These tax concessions apply to contributions, investment earnings and withdrawals (lump sum and pension payments) at retirement. Superannuation funds have always provided an effective tax management strategy, but recent changes mean that, for people aged 60 and over, the benefits have greatly increased.

To find out how you can benefit from the new changes to superannuation, please contact your financial adviser.

## Consolidate your superannuation

Consolidating your superannuation within the Fund is easy and means you could get more control of your investment. It will make it easier for you to keep track of your superannuation, cut down on paperwork and may even save on fees.

The first step is to find your paperwork regarding your other superannuation fund/s, for example:

- a recent Annual Statement
- contact your previous employer to get details of your previous superannuation fund such as member/account numbers etc

Then complete the 'Transfer Authority Form – Classic Investments' form which can be downloaded from the webpage, [www.toweraustralia.com.au/cs/forms.asp](http://www.toweraustralia.com.au/cs/forms.asp)

Please complete one form for each account you hold. Make sure you complete all your details and your other superannuation fund details in full, then sign the form and return to us at:

TOWER Benefit Transfer Service  
Reply Paid 142  
Milsons Point NSW 1565

The Administrator will then arrange to transfer your other superannuation accounts to your nominated superannuation account. It's that easy.

Contact your Financial Adviser to find out if consolidating your superannuation is an appropriate strategy for you.

## Finding your lost superannuation

On average most Australians hold more than three superannuation accounts.

If you think you may have lost superannuation accounts, visit the Australian Taxation Office (ATO) website at [www.ato.gov.au/super](http://www.ato.gov.au/super) and click on 'Find your lost super with SuperSeeker' or contact the ATO on 13 10 20.

You will need to provide your full name, date of birth and tax file number. The ATO will then search the Lost Member's Register, the Superannuation Holding Account Special Account (SHASA) and superannuation guarantee records to find any of your lost superannuation accounts.

You can then arrange to have these amounts deposited into your account with the Fund.

# GUIDING YOUR WAY

## How to receive up to a 150% return for your retirement savings with the Government co-contribution

If you earn under \$60,342 per annum you may be eligible for the Government co-contribution.

The Government will pay \$1.50 for every \$1.00 you contribute, up to a maximum of \$1,500. For incomes above \$30,342 per annum, the Government co-contribution reduces by 5 cents for every additional dollar earned until it cuts out completely at \$60,342.

To be eligible you generally need to:

- earn less than \$60,342 (assessable income plus fringe benefits)
- earn 10% or more of your income from eligible employment, carrying on a business or a combination of both
- lodge an income tax return for the year you have earned your income
- be under 71 years of age at the end of the financial year

Arranging a co-contribution is easy. You simply need to contribute to your superannuation account from your after tax income. You can arrange a lump sum contribution, start making regular monthly contributions or increase any existing monthly contributions.

When you lodge your tax return and the ATO has received information from your superannuation fund(s), the ATO calculates the amount of your co-contribution and deposits this into your superannuation account. They will also notify you in writing of the details.

To find out more about the co-contribution check out the 'Guiding your way' article called 'Government co-contribution', located on the webpage [www.toweraustralia.com.au/assetmgt/superannuation/guiding.asp](http://www.toweraustralia.com.au/assetmgt/superannuation/guiding.asp)

Contact your Financial Adviser to find out if claiming a co-contribution is an appropriate superannuation strategy for you. Alternatively contact the ATO on 13 10 20 or log onto the ATO website [www.ato.gov.au](http://www.ato.gov.au) for further information and search under 'Super co-contribution'

## Getting more value from your salary

Using a salary sacrifice arrangement for your superannuation contributions means that more of your money gets invested as you may pay less tax.

Salary sacrifice means putting part of your pre-tax salary into superannuation. You could save tax by paying 15% contributions tax for the portion invested rather than your full marginal tax rate and medicare levy which could be as high as 46.5%.

Check with your employer to see whether they will allow you to salary sacrifice part of your pre-tax salary towards superannuation.

Arranging to salary sacrifice is easy. Your employer will deduct the amount you specify from your pre-tax salary and contribute this towards your superannuation in the same way they currently contribute your compulsory superannuation contributions.

To find out more about salary sacrifice check out the 'Guiding your way' article called 'Salary Sacrifice' located on the webpage [www.toweraustralia.com.au/assetmgt/superannuation/guiding.asp](http://www.toweraustralia.com.au/assetmgt/superannuation/guiding.asp)

Contact your Financial Adviser to find out if salary sacrifice is an appropriate superannuation strategy for you.

### The magic of compound interest

Did you know that by saving sooner in life, rather than later, you could increase your savings for retirement? Visit [www.toweraustralia.com.au/assetmgt/superannuation/guiding.asp](http://www.toweraustralia.com.au/assetmgt/superannuation/guiding.asp) and check out the 'Guiding your way' article called 'The Magic of Compound Interest' to read how the cost of delay can affect your financial freedom in retirement.

### Who should I nominate as my beneficiaries?

Understanding who receives your super benefit (and any insurance applicable to your policy) in the event of your death is important. Under the Fund rules, the Trustee has a discretion to determine to whom and in what proportions any death benefit is payable. You may, however, nominate your personal representative and/or dependants as your preferred beneficiaries and the Trustee will take into account your wishes in the event of your death. To nominate or update your beneficiary details please complete and return the 'Death Benefit Nomination Form' which can be downloaded from the webpage [www.toweraustralia.com.au/cs/forms.asp](http://www.toweraustralia.com.au/cs/forms.asp) Please download the form titled 'Death Benefit Nomination Form (TOWER Master Fund)' which is applicable to your policy. Alternatively, contact a Customer Service Consultant on 1800 226 364 to obtain a copy of the form. If you require any further information regarding the death benefit nomination process please contact a Customer Service Consultant on 1800 226 364 or via email on [customerservice@toweraustralia.com.au](mailto:customerservice@toweraustralia.com.au)

# IMPORTANT CHANGES TO SUPERANNUATION

The Federal Government introduced wide ranging improvements to superannuation effective 1 July 2007. We are sure you have read about these changes, however, a reminder about some of the key points and other recent changes to superannuation are provided below.

## New concessional contributions cap

Concessional contributions will be capped at \$50,000 for the 2008/2009 financial year, for those under 50 years of age. Members will be taxed an additional 30% plus the Medicare Levy on concessional contributions made in excess of this cap. The concessional cap will be indexed for future years. A transitional period applies for people aged 50 or over, to be able to contribute up to \$100,000 annually until 30 June 2012. Concessional contributions are tax deductible to the employer and generally include employer superannuation guarantee contributions.

## New non-concessional contributions cap

Non-concessional contributions made to superannuation will be capped at \$150,000 for the 2008/2009 financial year. Members will be taxed at the top marginal tax rate (plus Medicare Levy) on non-concessional contributions made in excess of this cap. In addition, people under 65 years of age will be able to bring forward two years of contributions, enabling \$450,000 to be contributed in one year, with no further contributions in the next two years. The non-concessional contributions cap is three times the concessional contributions cap. Non-concessional contributions are generally personal contributions made from your salary after tax has been deducted.

## Tax File Number (TFN)

Changes to superannuation legislation mean that we should hold your TFN. If we do not hold your TFN

- your insurance cover could lapse as we are unable to accept personal contributions to pay for insurance and/or your contributions may not be enough to cover premiums due to the extra tax being applied to the contributions
- you will not be able to make personal or spouse contributions to your superannuation policy
- employer and salary sacrifice contributions will be taxed at 46.5% (an additional 31.5% on top of the existing 15% contributions tax)
- you may miss out on the Government Co-contribution
- for pre 1 July 2007 members, concessional contributions of up to \$1,000 will be taxed at 15%. For concessional contributions in excess of \$1,000, the whole amount will be taxed an additional 31.5%.

If you have not provided TOWER with your TFN and additional tax has been deducted, please contact a Customer Service Consultant about claiming the tax back from the Australian Taxation office (ATO). TOWER will claim a refund of the No TFN Tax from the ATO for current members who provide a valid TFN. This service is not extended to members who have previously left the Fund.

## Taxation of superannuation lump sum payments to terminally ill members

The Government has made it easier for people to access their superannuation benefits in the case of a terminal illness. Members who are terminally ill can now gain access to their superannuation and benefits paid are tax free. A new condition of release, 'Terminal medical condition' was introduced on 16 February 2008.

## New co-contribution thresholds

The lower and upper threshold of the co-contribution have changed for the 2008/2009 financial year.

	2007/2008 financial year	2008/2009 financial year
Lower threshold <sup>1</sup>	\$28,980	\$30,342
Upper threshold <sup>2</sup>	\$58,980	\$60,342

<sup>1</sup> If a person's total assessable income and reportable fringe benefits is this amount or less, they will receive the maximum co-contribution (depending on the amount of contribution made).

<sup>2</sup> If a person's total assessable income and reportable fringe benefits is this amount or more they will not be eligible to receive the co-contribution.

## Controls imposed by the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the 'AML/CTF Act')

This legislation is aimed at implementing controls to limit or prevent activities relating to money laundering and terrorism financing. These controls are documented within the TOWER AML Program and include the following:

1. Record keeping obligations
2. Know your customer obligations including the requirement to identify and verify the identity of customers and their beneficiaries
3. Ongoing customer due diligence
4. Monitoring of transactions
5. Suspicious matter reporting mechanisms
6. International funds transfer reporting requirements.

To comply with these obligations we may need to carry out procedures to identify you or, in the event of death, your beneficiaries. We may need to verify the identification information provided to confirm its authenticity. We cannot process withdrawal requests (including claims, redemptions and transfers) until we receive all information required.

In some circumstances we may need to report certain information about our customers to relevant authorities, including the Australian Transaction Reports and Analysis Centre (AUSTRAC). Where such reporting has taken place, we may be prevented by this legislation from telling you. Where legally permitted or obliged to do so, we may disclose that information to regulatory or law enforcement agencies, to our related bodies corporate, or to other third parties. The AUSTRAC website at [www.austrac.gov.au](http://www.austrac.gov.au) provides information relating to the AML/CTF Act. We will not be liable to you for any loss you suffer (including consequential loss) caused by the fact that we are required by law to delay, block, freeze or refuse to process a transaction.

To assist us to keep in touch with you, please notify us of any change of either your name, or your address.

# IMPORTANT CHANGES TO SUPERANNUATION

## Salary sacrifice

The Federal Government has announced that from 1 July 2009, the definition of "income" used to determine eligibility for Government co-contributions, income support payments, child support and a range of government assistance delivered through the tax system, will be amended. This change is intended to ensure that those making salary sacrifice contributions and those that are not, are treated equally with regard to access to Government support programs. As at 1 October 2008 legislation has not been introduced to Parliament.

Salary sacrifice contributions are permissible up to age 74 provided you remain in gainful employment.

## Calculation changes for superannuation guarantee payments

From 1 July 2008, employers are required to use Ordinary Time Earnings as the new basis for calculating superannuation guarantee payments. Ordinary Time Earnings are what employees earn for their ordinary hours of work and includes to name a few, over-award payments, commissions, allowances and paid leave. For more information on this subject, please visit the Australian Taxation Office website on [www.ato.gov.au](http://www.ato.gov.au)

## Bankruptcy and superannuation

The Bankruptcy Legislation Amendment (Superannuation Contributions) Act 2007 enables superannuation contributions made to defeat a bankrupt's creditors to be recovered by a Bankruptcy Trustee. These include contributions made by a person who later becomes a bankrupt and/or contributions made by a third party for the benefit of a person who later becomes a bankrupt. This will include contributions made to an eligible superannuation plan on or after 28 July 2006.

## Temporary residents

The Government intends to change the rules by which holders of temporary visas access their superannuation when leaving Australia. Any superannuation not claimed by departing holders of these visas will be transferred to the Australian Taxation Office (ATO) six months after leaving Australia. Amounts will be claimable by ex temporary residents directly from the ATO after this. Legislation is expected to come into effect late in 2008.

# INVESTMENT INFORMATION

## Investment performance

The calculation of investment performance is based on the movement of unit prices for the unit linked investment options over the period reported. The returns shown below are calculated after the deduction of any tax, asset management charge and investment costs attributable to the investment option, and before the deduction of any other fees and the calculation of rebates that may be applicable to your investment. Performance returns are the annual returns for the investment option as a whole.

Current performance returns are updated at the end of each month and may be obtained by contacting a Customer Service Consultant or visiting [www.toweraustralia.com.au](http://www.toweraustralia.com.au) Your individual returns after taking into account transactions throughout the reporting period are detailed in your Annual Statement.

Product Name	Investment Option	Yearly Returns (%) for the Period ending 30 September					5 Year Compound Average Returns %	Interim Crediting Rate from 1 October %
		2008	2007	2006	2005	2004		
<b>Assurety Plans<sup>##</sup></b>	Capital	4.4	4.5	3.9	3.9	4.0	4.1	4.4
<b>Assurety Superannuation Bond</b>	Guaranteed <sup>1</sup>							
<b>Master Assurety Plan<sup>#</sup></b>								
<b>Regular Premium Plan – Super</b>								
<b>Single Premium Plan – Super</b>								
<b>Super Regular Premium Plan</b>								
<b>Blue Ribbon Executive - Super</b> (policies commenced from June 2001)	Balanced Growth	-15.7	11.6	9.5	12.5	10.1	5.0	n/a
	Capital Assured <sup>&lt;&lt;2</sup>	3.1	2.8	2.9	2.9	3.8	3.1	3.1
	Capital Guaranteed <sup>&lt;1</sup>	2.6	2.7	2.1	2.1	2.2	2.3	2.6
	Cash	5.2	3.7	3.1	3.0	3.0	3.6	n/a
	Conservative Balanced	-11.2	9.5	7.6	10.1	8.5	4.6	n/a
	Growth Maximiser	-19.0	13.0	11.1	13.7	10.9	5.1	n/a
	Security Focus	-5.7	6.1	5.5	7.1	6.1	3.7	n/a

# INVESTMENT INFORMATION

Product Name	Investment Option	Yearly Returns (%) for the Period ending 30 September					5 Year Compound Average Returns %	Interim Crediting Rate from 1 October %
		2008	2007	2006	2005	2004		
<b>Blue Ribbon Executive - Super</b> (policies commenced pre June 2001)	Balanced Growth	-15.6	11.8	9.8	12.7	10.3	5.2	n/a
	Capital Assured <sup>&lt;2</sup>	3.2	3.0	3.1	3.1	4.0	3.3	3.2
	Capital Guaranteed <sup>&lt;1</sup>	2.8	2.9	2.3	2.3	2.4	2.5	2.8
<b>Blue Ribbon Plus – Super</b>	Cash	5.1	3.9	3.4	3.3	3.2	3.8	n/a
<b>Blue Ribbon Super Bond</b>	Conservative Balanced	-11.1	9.7	7.8	10.3	8.7	4.7	n/a
	Growth Maximiser	-18.9	13.2	11.4	14.0	11.2	5.3	n/a
	Security Focus	-5.4	6.3	5.7	7.3	6.3	3.9	n/a
	Balanced Growth	-15.6	11.8	9.8	12.7	10.3	5.2	n/a
<b>Blue Ribbon Series – Super</b>	Capital Guaranteed <sup>1</sup>	2.8	2.9	2.3	2.3	2.4	2.5	2.8
	Cash	5.1	3.9	3.4	3.3	3.2	3.8	n/a
	Conservative Balanced	-11.1	9.7	7.8	10.3	8.7	4.7	n/a
	Growth Maximiser	-18.9	13.2	11.4	14.0	11.2	5.3	n/a
	Security Focus	-5.4	6.3	5.7	7.3	6.3	3.9	n/a
<b>Capital Guaranteed Super Bond</b>	Capital Guaranteed <sup>1</sup>	2.8	2.9	2.3	2.3	2.4	2.5	2.8
<b>Passport Superannuation</b>	Assured Caution	-1.6	4.0	4.2	5.6	5.1	3.4	n/a
	Australian Shares	-22.9	27.9	11.8	23.3	18.3	10.0	n/a
	Balanced Growth	-15.6	11.8	9.8	12.7	10.3	5.2	n/a
	Capital Guaranteed <sup>1</sup>	2.8	2.9	2.3	2.3	2.4	2.5	2.8
	Cash	5.1	3.9	3.4	3.3	3.2	3.8	n/a
	Conservative Balanced	-11.1	9.7	7.8	10.3	8.7	4.7	n/a
	Ethical Growth	-27.0	30.2	14.7	26.8	15.9	9.9	n/a
	Growth Maximiser	-18.9	13.2	11.4	14.0	11.2	5.3	n/a
	International Growth	-18.5	1.0	13.2	8.6	5.9	1.4	n/a
	Property Plus	-38.8	15.4	20.2	11.2	22.8	3.0	n/a
Security Focus	-5.4	6.3	5.7	7.3	6.3	3.9	n/a	

Product Name	Investment Option	Yearly Returns (%) for the Period ending 30 September					5 Year Compound Average Returns %	Interim Crediting Rate from 1 October %	
		2008	2007	2006	2005	2004			
<b>Prestige Superannuation Bond</b> (policies commenced from June 2001)	Assured Caution	-1.8	3.8	3.9	5.3	4.9	3.2	n/a	
	Australian Shares	-23.1	27.6	11.6	23.1	18.1	9.7	n/a	
	Balanced Growth	-15.7	11.6	9.5	12.5	10.1	5.0	n/a	
	Capital Assured <sup>2</sup>	3.0	2.8	2.9	2.9	3.8	3.1	3.0	
	Cash	5.2	3.7	3.1	3.0	3.0	3.6	n/a	
	Conservative Balanced	-11.2	9.5	7.6	10.1	8.5	4.6	n/a	
	Ethical Growth	-27.1	30.0	14.5	26.6	15.6	9.7	n/a	
	Growth Maximiser	-19.0	13.0	11.1	13.7	10.9	5.1	n/a	
	International Growth	-18.5	0.8	13.0	8.4	5.7	1.2	n/a	
	Property Plus	-39.0	15.2	20.0	11.0	22.6	2.8	n/a	
	Security Focus	-5.7	6.1	5.5	7.1	6.1	3.7	n/a	
	<b>Prestige Superannuation Bond</b> (policies commenced pre June 2001)	Assured Caution	-1.6	4.0	4.2	5.6	5.1	3.4	n/a
		Australian Shares	-22.9	27.9	11.8	23.3	18.3	10.0	n/a
Balanced Growth		-15.6	11.8	9.8	12.7	10.3	5.2	n/a	
Capital Assured <sup>&lt;2</sup>		3.2	3.0	3.1	3.1	4.0	3.3	3.2	
Capital Guaranteed <sup>&lt;1</sup>		2.8	2.9	2.3	2.3	2.4	2.5	2.8	
Cash		5.1	3.9	3.4	3.3	3.2	3.8	n/a	
Conservative Balanced		-11.1	9.7	7.8	10.3	8.7	4.7	n/a	
Ethical Growth		-27.0	30.2	14.7	26.8	15.9	9.9	n/a	
Growth Maximiser		-18.9	13.2	11.4	14.0	11.2	5.3	n/a	
International Growth		-18.5	1.0	13.2	8.6	5.9	1.4	n/a	
Property Plus		-38.8	15.4	20.2	11.2	22.8	3.0	n/a	
Security Focus		5.4	6.3	5.7	7.3	6.3	6.2	n/a	

Past investment performance is not a guarantee of future investment performance.

# INVESTMENT INFORMATION

## Important notes

The following footnotes should be read in conjunction with the investment performance figures.

Not all investment options are available to all members. Please refer to your Annual Statement or Policy/Disclosure document for details of the investment options available to your individual policy.

- 
- < This investment option is only available to policies which commenced prior to 1 October 1994.
- 
- « This investment option is only available to policies which commenced from 1 October 1994.
- 
- “ If a casual contribution is made, an Asset Management Charge of 4.2% per annum applies for a period of up to 2 years to the portion of the account balance made up by the casual contribution. The returns shown have not had this asset management charge deducted.
- 
- # If your policy is still within its ‘Charging Period’, an Asset Management Charge of 4.2% pa may apply for the remainder of the ‘Charging Period’. Please refer to your Policy/Disclosure document for details on the Charging Period applicable to your Assurety Plan policy. For policies still within the ‘Charging Period’, the returns shown have not had this Asset Management Charge deducted.
- 
- 1 The Capital Guaranteed investment option is not unit linked. For this investment option, a declared crediting rate and interim crediting rate is determined each year at the crediting date. These crediting rates are net of taxes and charges. The declared crediting rate is applied to the members’ account balances at the crediting date in respect of the year preceding the crediting date. Guarantees applying to the declared crediting rate are outlined in members’ original policy documents.
- Payments made to members during the period between the application of declared crediting rates from one year to the next have the prevailing interim crediting rate applied to them. This is achieved by applying the prevailing interim crediting rate to the account balance and to any net contributions received from the date they are received, and allowing for any withdrawals made during the period, to the benefit payment date. The interim crediting rate applied during this period can be changed retrospectively at any time, but is guaranteed never to be negative.
- 
- 2 The Capital Assured Investment option is not unit linked. For this investment option, a declared crediting rate and interim crediting rate is determined each year at the crediting date. These crediting rates are net of taxes and charges. The declared crediting rate is applied to the members’ account balances at the crediting date in respect of the year preceding the crediting date. The declared crediting rate is guaranteed never to be negative.
- Payments made to members during the period between the application of declared crediting rates from one year to the next have the prevailing interim crediting rate applied to them. This is achieved by applying the prevailing interim crediting rate to the account balance and to any net contributions received from the date they are received, and allowing for any withdrawals made during the period, to the benefit payment date. The interim crediting rate applied during this period can be changed retrospectively at any time, and may be negative if investment returns are poor.
-

## Asset allocation

Asset allocations for 30 September 2008 and 2007 for each of the investment options are shown below and have been rounded to the nearest whole percentage point. The actual allocations may vary from time to time due to market fluctuations and investment decisions.

A limited portion of the investment portfolios may be held as cash for liquidity or other investment purposes from time to time. This cash holding is included in the asset class specified in the manager's mandate. For example, a specialist shares manager may hold some cash (within specified limits) and this would be classified as shares.

Assured Caution		
	2008	2007
Australian fixed interest	44%	43%
Australian shares	7%	8%
Cash and short-term securities	22%	21%
International fixed interest	20%	20%
International shares	4%	4%
Property	3%	4%

Australian Shares		
	2008	2007
Australian shares	100%	100%

Balanced Growth		
	2008	2007
Australian fixed interest	21%	19%
Australian shares	34%	38%
Cash and short-term securities	3%	3%
International fixed interest	8%	7%
International shares	26%	24%
Property	8%	9%

## Capital Assured

	2008	2007
Australian fixed interest	42%	39%
Australian shares	9%	11%
Cash and short-term securities	21%	20%
International fixed interest	20%	20%
International shares	5%	5%
Property	3%	5%

## Capital Guaranteed

	2008	2007
Australian fixed interest	90%	90%
Cash and short-term securities	10%	10%

## Cash

	2008	2007
Cash and short-term securities	100%	100%

## Conservative Balanced

	2008	2007
Australian fixed interest	21%	20%
Australian shares	25%	29%
Cash and short-term securities	16%	14%
International fixed interest	16%	14%
International shares	15%	15%
Property	7%	8%

## Ethical Growth

	2008	2007
Australian shares	100%	100%

# INVESTMENT INFORMATION

## Growth Maximiser

	2008	2007
Australian fixed interest	6%	5%
Australian shares	40%	43%
Cash and short-term securities	5%	5%
International fixed interest	5%	5%
International shares	36%	34%
Property	8%	8%

## International Growth

	2008	2007
International shares	100%	100%

## Property Plus

	2008	2007
Property	100%	100%

## Security Focus

	2008	2007
Australian fixed interest	31%	29%
Australian shares	14%	17%
Cash and short-term securities	26%	24%
International fixed interest	15%	15%
International shares	10%	10%
Property	4%	5%

If you need further information about asset allocation benchmarks, please contact your Financial Adviser, speak to a Customer Service Consultant or visit the website [www.toweraustralia.com.au](http://www.toweraustralia.com.au)

## Multi-manager investment style

TOWER's multi-manager investment options are managed by Russell Investment Management Ltd, ABN 53 068 338 974 (Russell). Russell selects the underlying investment managers for its funds and regularly monitors the investment managers ensuring the investment options continue to meet investment objectives.

Multi-manager investing involves selecting quality specialist investment managers from around the world to manage some assets in the investment options. It provides Russell with a wide range of research, superior market information and a broad skill base for investment decision making.

## Labour standards and environmental, social and ethical considerations

Other than for the Ethical Growth investment option, labour standards, environmental, social, or ethical considerations are not taken into account for the purpose of selecting, retaining, or realising an investment. Underlying investment managers may or may not take these considerations into account.

## Investment in derivatives

Derivatives such as futures, forwards, options and swaps (as applicable) may be used, within agreed limits, by the underlying investment managers in managing the various asset classes.

TOWER's Derivative Risk Statement (DRS) contains information about our approach to the use of derivatives. If you would like a copy of this, please contact a Customer Service Consultant or visit [www.toweraustralia.com.au/assetmgt/riskmgt.asp](http://www.toweraustralia.com.au/assetmgt/riskmgt.asp) where a copy of the DRS can be accessed.

## Trustee's investment objective and strategy

Product	Objective	Strategy
Assurety Plans Assurety Superannuation Bond Capital Guaranteed Super Bond Master Assurety Plan Regular Premium Plan – Super Single Premium Plan – Super Super Regular Premium Plan	To provide income over the short to medium term from a portfolio that invests entirely in defensive asset classes.	To invest in insurance policies which are consistent with the Trustee's investment objective.
Blue Ribbon Executive – Super Blue Ribbon Plus – Super Blue Ribbon Series – Super Blue Ribbon Super Bond Passport Superannuation Prestige Superannuation Bond	To allow members to select from a range of investments which are broadly suitable for their personal circumstances at any particular time.	To invest in insurance policies which provide investment options consistent with the investment objective.

## Investment option objectives and strategies

Investment Option	Investment Objective	Investment Strategy	Time Horizon	Risk/Volatility
Assured Caution	The option aims to provide some investment growth over the medium term from a portfolio that invests in a range of asset classes.	The option invests predominantly in defensive assets such as cash and fixed interest.	Medium term; 3 years+	Low
Australian Shares	The option aims to provide high investment growth over the long term from a portfolio of Australian shares.	The option invests in a range of Australian shares.	Long term; 5 years+	High
Balanced Growth	The option aims to provide moderate to high investment growth over the long term from a portfolio that invests in a range of asset classes.	The option invests in a range of asset classes, with a strong emphasis on growth assets such as shares and property.	Long term; 5 years+	Moderate
Capital Assured	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.	Medium term; 3 years+	Low to moderate
Capital Guaranteed	The option aims to provide income over the short to medium term from a portfolio which invests entirely in defensive asset classes, such as cash and fixed interest.	The option invests predominantly in defensive assets with a strong emphasis on fixed income securities issued in Australia.	Short to medium term; 2 years	Low

# INVESTMENT INFORMATION

<b>Investment Option</b>	<b>Investment Objective</b>	<b>Investment Strategy</b>	<b>Time Horizon</b>	<b>Risk/Volatility</b>
<b>Cash</b>	The option aims to provide guaranteed returns over the short term from a portfolio which invests entirely in short-term securities and cash.	The option invests in short term securities and cash.	Short term; 1 year	Low
<b>Conservative Balanced</b>	The option aims to provide moderate investment growth over the medium to long term from a portfolio that invests in a range of asset classes.	The option invests in a range of asset classes, with a broadly equal weighting to growth and defensive assets.	Medium to long term; 3-5 years	Low to moderate
<b>Ethical Growth</b>	The option aims to provide high investment growth over the long term from a portfolio of Australian shares issued by companies that take into account the wider ethical, social and environmental issues in the community.	The option invests in a range of Australian shares issued by companies that take into account the wider ethical, social and environmental issues in the community.	Long term; 5 years+	High
<b>Growth Maximiser</b>	The option aims to provide high investment growth over the long term from a portfolio that invests in a range of asset classes.	The option invests predominantly in growth assets such as shares and property.	Long term; 5 years+	Moderate to high
<b>International Growth</b>	The option aims to provide high investment growth over the long term from a portfolio of international shares.	The option invests in a range of international shares.	Long term; 5 years+	High
<b>Property Plus</b>	The option aims to provide property returns over the long term from a portfolio of property securities.	The option invests in a range of property securities.	Long term; 5 years+	High
<b>Security Focus</b>	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.	Medium term; 3 years+	Low to moderate

### Risk and volatility

Volatility can be simply defined as fluctuations in the returns of an investment and is the most common way to measure the risk associated with certain asset classes. An investment that is more volatile than another is said to be riskier. This is because the greater the volatility of an investment, the greater the chance that its return could be less than expected.

It is widely accepted that over long periods of time, a relationship exists between the risk and return of each investment option. Generally, the investment options with the potential for earning higher returns carry a higher risk (i.e. have higher volatility of returns).

If you would like details for each of the investment options available to you as a Member of the Fund (including asset allocation benchmarks) contact a Customer Service Consultant or visit the website [www.toweraustralia.com.au](http://www.toweraustralia.com.au)

### Fees

We will provide you with at least 30 days notice before introducing any additional fee(s) or before any increases (other than CPI increases) to existing fees.

### Unit pricing for benefit payments

TOWER's current procedure is to calculate the withdrawal value using the latest available unit price at the time of calculating the payment. Our current process has been updated and may differ from the benefit calculation procedure in your original product terms.

### Unit pricing errors and remediation

Unfortunately from time to time an error may occur in the calculation of a unit price. When an error has been identified, TOWER will remediate impacted customers as follows:

- For members who are still current, we will adjust your records to ensure your investment is put back to the position it should have been had the error not occurred
- Compensation for members who have exited will only be paid where the amount of compensation is at least \$20. For amounts less than \$20, these amounts will remain in the Fund
- For members who have exited and were overpaid, we reserve the right to recover any overpaid amount.

# FUND INFORMATION

## The Fund

The products listed on the inside cover of this Annual Report are part of the TOWER Master Fund.

The TOWER Master Fund is a complying superannuation fund under the Superannuation Industry (Supervision) Act 1993.

The Trustee, TOWER Australian Superannuation Limited, currently has an approved guarantee from the National Australia Bank. Under this agreement, all liabilities of the Trustee incurred as a result of the Trustee fulfilling its duties to the TOWER Master Fund (and other superannuation entities of which it is Trustee) are guaranteed by the National Australia Bank. This guarantee extends up to the amount of \$5 million dollars. A copy of the approved guarantee is available for review upon request by contacting a Customer Service Consultant.

## Indemnity insurance

The Trustee is covered under an indemnity insurance policy to protect the interests of Members of the Fund.

## Trust deed

A legal document called a trust deed sets out the provisions that govern the Fund. The Trustee is responsible for ensuring that the Fund operates according to the trust deed and the accompanying rules and that it complies with all relevant superannuation law.

Members may inspect the trust deed at any time by arrangement with the Administrator (see Directory on inside cover for contact details).

## Fund review date

The annual fund review date is 30 September. This is the date each year when your account balance is valued specifically for the purpose of:

- determining and reporting your benefits to you (i.e. as at the end of the reporting period), as required by law; and
- preparing the Fund's financial accounts (see 'Financial Information' for further information) and annual return to the Australian Prudential Regulation Authority (APRA).

## Superannuation surcharge

The Government abolished the superannuation surcharge with effect from 1 July 2005, however if an assessment is still outstanding, the surcharge will be deducted from your account balance. Details of any such deduction will be shown on your Annual Statement.

## Approved eligible rollover fund

We are required by superannuation law to select an eligible rollover fund (ERF) to which we may transfer your withdrawal benefit in certain circumstances including if:

- your address details have never been provided to us; or
- we have sent to you one item of written communication which has been returned as unclaimed mail.

Small accounts of \$1,000 or less may also be transferred to the ERF. If we pay your benefit to the ERF, you cease to be a Member of the Fund and become a Member of the ERF. On transfer to the ERF, any benefit entitlement (including any insurance protection benefit) that you have in the Fund ceases. You are able to transfer or withdraw your benefit from the ERF as the governing legislation permits.

The Trustee has nominated the Australian Eligible Rollover Fund as the Fund's ERF. The contact details are:

Australian Eligible Rollover Fund  
Locked Bag 5429  
Parramatta NSW 2124  
1800 677 424

### Lost members

The Australian Taxation Office maintains a register of 'lost members'. Members may search this register to help trace any superannuation entitlements that may have been transferred to an ERF. It is important to ensure that we are always advised of any change of address.

### Unclaimed benefits

In some circumstances, your benefit in the Fund may become subject to the unclaimed money laws. For example, if you reach the prescribed age (i.e. 65 years of age) and a benefit from the Fund is to be paid to you but we have not received any contributions or rollovers into your account in the last two years and, after making reasonable efforts and waiting a period of 5 years, we are unable to contact you about the benefit payable, your benefit will be considered as an unclaimed benefit.

We must pay unclaimed benefits to the Australian Taxation Office (ATO).

To claim any benefit transferred to the ATO, you or your dependants will need to contact the unclaimed money service of the ATO on:

Call 13 10 20

Website [www.ato.gov.au](http://www.ato.gov.au)

On transfer to the ATO, any benefit entitlement (including any insurance protection benefit, if applicable) that you have in the Fund will cease.

### Financial information

The financial accounts of the Fund are prepared in accordance with the Australian Accounting Standard AAS25 Financial Reporting by Superannuation Plans and within the provisions of the trust deed and relevant legislative requirements.

Members' benefits in the Fund are wholly determined by reference to life insurance policies. This means that the Fund is exempt from providing the following information to Members:

- audited fund accounts, auditor's report or abridged financial information;
- statement of assets; and
- details of any assets (or group of associated assets) which exceed 5% of the value of the Fund.

All expenses incurred by the Trustee for operating the Fund to date have been borne by the Administrator, and reflected in the charges appropriate to the life insurance policies within the Fund. The Trustee is entitled (and may commence) to recover reasonable expenses from the Fund by giving 30 days notice to Members. Any such expense recoveries may be made by deducting the relevant amounts from the Fund's assets as a whole.

### Processing of contributions and withdrawals

The Administrator reserves the right to suspend the processing of all contributions or withdrawals under certain market conditions or circumstances, if in the Administrator's opinion, to continue processing would not be in the best interests of Members.

If the suspension on withdrawals continues for a long period, the Trustee must seek APRA approval.

Please note that before you rollover, transfer or withdraw a benefit you can ask us for any assistance or information on anything you are unsure of, including benefits, fees and charges, or the possible effects of rolling over/transferring your benefit.

# ENQUIRIES AND FURTHER INFORMATION

## Enquiries

At TOWER we set ourselves high standards of customer service. If you have any questions about your TOWER product, please contact us in one of the following ways:

- Contact a Customer Service Consultant on 1800 226 364 Monday – Friday 8:30am-6:00pm (EST)
- Email us at [customerservice@toweraustralia.com.au](mailto:customerservice@toweraustralia.com.au) quoting your policy number; or
- Write to us at the following address quoting your policy number

TOWER Australia Limited  
PO Box 142  
Milsons Point NSW 1565

## Complaints

If you have a complaint about the Fund please put it in writing and send it to the following address:

TOWER Complaints Manager  
TOWER Australia Limited  
PO Box 142  
Milsons Point NSW 1565

If your complaint has not been resolved to your satisfaction within 90 days of lodging your complaint, you may refer your complaint in writing to the Superannuation Complaints Tribunal (SCT), at the following address:

Superannuation Complaints Tribunal  
Locked Bag 3060  
GPO Melbourne VIC 3001

Call 1300 780 808  
Email [info@sct.gov.au](mailto:info@sct.gov.au)  
Website [www.sct.gov.au](http://www.sct.gov.au)

## About the Superannuation Complaints Tribunal

The SCT is an independent body established by the Commonwealth Government to review unresolved complaints arising from trustee decisions relating to its members as opposed to trustee decisions about the management and operation of a superannuation fund as a whole. The objective of the SCT is to provide a fair, timely and economical means of resolution of complaints as an alternative to the court system. The SCT cannot consider complaints that have not been first referred to a trustee's complaint resolution process.

### Disclaimer

TOWER Australian Superannuation Limited (nor any of its related bodies corporate and their respective directors and associates) does not guarantee any particular rate of return, or the repayment of capital or income, or the performance of any of the products or funds referred to in this report unless otherwise stated. The information contained in the Annual Report is general information only. It does not take into account your individual investment objectives, financial situation or particular needs. You should obtain your own advice from a Financial Adviser with respect to your own individual investment objectives, financial situation and particular needs.



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