



Life Insurance

# ANNUAL REPORT

Year ended 30 September 2008

# DETAILS & TERMS

Insurance under superannuation is provided to Members of the following Funds:

TOWER Master Fund  
TOWER Superannuation Fund  
for the General Public

## Directory

### TOWER Master Fund

ABN 20 891 605 180  
SFN 149 156  
RSE Reg. R1000894

### TOWER Superannuation Fund for the General Public

ABN 76 727 806 658  
SFN 138 597  
RSE Reg. R1000917

### Issuer & Trustee

TOWER Australian Superannuation Limited  
ABN 69 003 059 407  
AFSL 237851  
RSE Lic. L0000642

### Insurer & Administrator

TOWER Australia Limited  
ABN 70 050 109 450  
AFSL 237848

### Customer Service

Call 1800 226 364  
Monday to Friday  
8:30am - 6:00pm (EST)  
customerservice@toweraustralia.com.au

### TOWER Australia Limited

PO Box 142  
Milsons Point NSW 1565  
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	any one or more of (as relevant) TOWER Master Fund, TOWER Superannuation Fund for the General Public
RSE Lic.	RSE 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
TOWER Group:	TOWER Australia Group Limited
the Trustee	TOWER Australian Superannuation Limited
'we', 'us'	the Trustee
'you', 'your'	the member of the Fund
'Member'	means a person who has been accepted as a member of a Fund and whose benefits are insured with TOWER

Prepared and issued – December 2008

## Disclaimer

The information contained in this Annual Report is general information only. It does not take into account your individual objectives, financial situations or needs. You should obtain your own advice from a financial adviser with respect to your individual objectives, financial situation and particular needs.

Whilst the Trustee makes every endeavour to ensure the accuracy of the information provided, it is not responsible, to the extent permissible by law, for any liability that may arise for any direct, indirect, incidental, consequential or special damages that may arise from the use of this material. No liability is accepted for errors and omissions or for loss or damage suffered as a result of reliance on this material.

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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 over time.

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 to 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

# HOW IT ALL WORKS

This section explains what it means for you to have your insurance structured as superannuation through one of the Funds. It covers important concepts like payments, benefits and beneficiaries, and who to contact if you need any further information.

## 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 these Funds to make sure that they operate in accordance with the rules set out in the Trust Deed and that all relevant legal obligations are met.

## Purpose of the Fund

The Fund provides benefits for Members and their dependants in the event of a Member's death or total and permanent disablement (if selected). The Trustee holds life insurance policies issued by TOWER that insure these benefits.

After deducting taxes, expenses and fees, all contributions to the Fund are used to meet premium payments for these life insurance policies.

## Death Benefits

If you die while you are a member of the Fund and a benefit is paid under the insurance policy held by the Trustee for you, the Trustee will pay the benefit to one or more of your dependants or to your legal personal representative.

### The law generally defines

#### your dependants as:

- Your spouse including your de facto spouse but not a same sex partner;
- Your child including an adult child and step-child;
- Anyone who is financially dependent on you at the time of your death; and
- Any other person defined as a dependant under the current superannuation law.

Your legal personal representative is the legal administrator of your estate.

## Superannuation Beneficiaries

Understanding who receives your insured benefit under your policy in the event of your death is important. Under the Fund rules, the Trustee has 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' relevant to your superannuation Fund which can be downloaded from the web site [www.toweraustralia.com.au/cs/forms.asp](http://www.toweraustralia.com.au/cs/forms.asp)

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)

# FUND INFORMATION

## Fund review

We review the Fund each year on 30 September. This review has two purposes, which are to:

- determine your benefits in the Fund so that your Annual Statement can be prepared; and
- prepare the Fund's financial accounts and annual return for submission to the Australian Prudential Regulation Authority.

## Insurance benefits

Your insurance cover and/or premium will be updated automatically:

- On the anniversary of your policy, due to changes in your age
- When the indexation on the sum insured changes (as applicable)

You can also ask to change your sum insured through the Fund. This request needs to be in writing. To find out more please contact our Customer Service Consultants on 1800 226 364.

## 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. As Members' benefits in the Fund are wholly determined by reference to life insurance policies, we are not required to provide the following information in your Annual Report:

- audited financial statements, 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.

## Trustee indemnity arrangements

The Trustee has an approved guarantee from the National Australia Bank. Under the terms of the guarantee, all liabilities of the Trustee incurred as a result of the Trustee fulfilling its duties to the Fund 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 calling a Customer Service Consultant.

Additionally, the Trustee is insured under a professional indemnity insurance policy in order to maintain sufficient and adequate cover to protect the interests of Members of the Fund.

### Approved eligible rollover fund

The Trustee is 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.

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, your insurance protection 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 Australian Eligible Rollover Fund as the ERF of the TOWER Master Fund and the TOWER Superannuation Fund for the General Public.

#### The contact details are:

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

#### Trust Deed

Each Fund has a Trust Deed which sets out the rules under which the Fund is managed. Members may inspect the Trust Deed at any time by contacting one of our Customer Service Consultants on 1800 226 364.

# IMPORTANT CHANGES TO SUPERANNUATION

In the past financial year, there have been some important changes to superannuation which may affect your Fund and retirement. We've provided an overview of these changes below and you can find more detail by contacting the Australian Taxation Office (ATO) on 13 10 20 or at their website [www.ato.gov.au](http://www.ato.gov.au)

## Salary sacrifice

Salary sacrifice contributions to superannuation will now be assessed as income for all relevant tax and transfer programs, including co-contributions, income support payments, child support and a range of government assistance delivered through the tax system. In addition, salary sacrifice contributions are now permissible up to age 74. Previously they were only allowed to age 69.

## New concessional contributions cap

Concessional contributions will be capped at \$50,000 for the 2008/2009 financial year, for those under 50. 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. Members will be taxed an additional 30% plus the Medicare Levy on concessional contributions made in excess of this cap.

## 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 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 will also be indexed in future years.

## 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 2008 members, amounts up to \$1000 will be taxed at 15%. Amounts in excess of this cap will be taxed at 46.5%.

## 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. Superannuation can now be paid tax free to members suffering from a terminal illness.

### 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
<b>Lower threshold<sup>1</sup></b>	\$28,980	\$30,342
<b>Upper threshold<sup>2</sup></b>	\$58,980	\$60,342

1 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).

2 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 payment requests (including claims) 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.

# ENQUIRIES AND FURTHER INFORMATION

## Questions about your TOWER product

At TOWER, we set ourselves high standards of customer service. So if you have any questions about your TOWER product, or are interested in finding out more about TOWER's wide range of market leading protection, please contact us in one of the following ways:

- call our Customer Service Consultants on 1800 226 364 Monday – Friday 8:30am-6:00pm (EST); or
- 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

## Questions about your insurance cover

If you have any questions about your insurance cover through the Fund, please contact your financial adviser. If you don't have a financial adviser, our Customer Service Consultants can put you in touch with one. Please call them on 1800 226 364 Monday – Friday 8:30am-6:00pm (EST).

## Complaints

If you have a complaint about your 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 by us to your satisfaction within 90 days of receipt of the complaint, you may refer the complaint in writing to the Superannuation Complaints Tribunal (SCT) at the following address:

Superannuation Complaints Tribunal  
Locked Bag 3060  
GPO Melbourne VIC 3001

## 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 Members, as opposed to Trustee decisions about the management and operation of the Funds as a whole. The SCT aims 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 dealt with under the Trustee's complaint resolution process.

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TOWER Australia Limited  
ABN 70 050 109 450 AFSL No. 237848  
80 Alfred Street Milsons Point NSW 2061  
Call 02 9448 9000 Fax 02 9448 9100  
[www.toweraustralia.com.au](http://www.toweraustralia.com.au)