

# BT Term Life as Superannuation

Annual Report for the year ended

30 June 2016

Prepare for the best.



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## BT Term Life as Superannuation

Annual Report for the year ended

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The issuer of Term Life as Superannuation (part of the Superannuation Division of Westpac MasterTrust ABN 81 236 903 448, SFN 281 412 940, SPIN WFS0341AU, RSE Licence Registration R1003970) is Westpac Securities Administration Limited ABN 77 000 049 472, AFSL Number 233731, RSE Licence Number L0001083 (WSAL).

The Insurer of Term Life as Superannuation is Westpac Life Insurance Services Limited ABN 31 003 149 157, Australian Financial Services Licence Number 233728.

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# Welcome

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Dear member,

On behalf of the Trustee, Westpac Securities Administration Limited, I am pleased to present to you the 2016 Annual Report for BT Term Life as Superannuation.

Your BT Term Life as Superannuation policy provides you with important insurance cover and can be an attractive way of funding your Term Life and optional Total and Permanent Disablement (TPD) cover.

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

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

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

If you have any questions, simply call one of our Customer Relations Consultants on 1300 553 764 between 8.00am and 6.30pm (Sydney time), Monday to Friday.

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

Yours sincerely



Phil Hay  
Head of Life Insurance

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# Recent developments in superannuation

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

## 2016/17 superannuation thresholds<sup>1</sup>

The superannuation contributions caps and various other superannuation thresholds that apply for the current financial year are as follows:

<b>Concessional contributions cap:</b>	
Standard cap (under age 49 on 30 June 2016)	\$30,000
Aged 49 or over on 30 June 2016	\$35,000
<b>Non concessional contributions cap:</b> \$180,000 <sup>2</sup>	
<b>Capital Gains Tax (CGT) Cap</b> (lifetime limit): \$1,415,000	
<b>Superannuation Guarantee (SG) rate<sup>3</sup>:</b>	9.5%
<b>Low rate cap</b>	\$195,000

## Non-concessional contributions cap reduced

From 1 July 2017, the non-concessional contributions cap will be reduced to \$100,000 per annum. In addition, where your total superannuation balance has reached \$1.6 million, you will no longer be eligible to make non-concessional contributions. Eligibility will be based on an individual's total superannuation balance as at 30 June the previous financial year.

## Non-concessional contribution bring-forward provision

From 1 July 2017, the bring-forward provision will allow up to \$300,000 (reduced from \$540,000) of non-concessional contributions to be made over a three-year period, for individuals under age 65. Further, if your superannuation balance is at least \$1.4 million but less than \$1.5 million, you can only bring forward one year's cap, allowing up to \$200,000 of non-concessional contributions in total. You will no longer be eligible to bring forward any caps once your superannuation balance reaches \$1.5 million, and will therefore be limited to the annual cap of \$100,000 (2017/18).

## Concessional contributions cap reduced

From 1 July 2017, the concessional (before-tax) contributions cap will reduce from \$30,000 (or \$35,000 for individuals age 49 or older) to \$25,000 per year, irrespective of age.

From 1 July 2019, those with superannuation balances less than \$500,000 at the end of the previous financial year, will be allowed to make additional concessional contributions by utilising unused concessional cap amounts from the previous 5 years. However, this will only apply to unused cap amounts accrued from 1 July 2018.

<sup>1</sup> The superannuation thresholds will change from 1 July 2017.

<sup>2</sup> The three-year threshold may vary, depending on when the first contribution was made, and how much was contributed.

<sup>3</sup> The SG rate is currently 9.5% where it will remain until 30 June 2021. From 1 July 2021, the SG rate will increase to 10% and thereafter will increase by 0.5% each financial year until it reaches 12% on 1 July 2025.

## Reduction of Division 293 tax threshold

The threshold at which an additional 15% tax is applied to concessional contributions (Division 293 tax) is being reduced from income of \$300,000 per annum to \$250,000 per annum from 1 July 2017.

## Eligibility for Government co-contributions

From 1 July 2017, the government co-contribution will only be available to individuals whose non-concessional contributions for the relevant income year do not exceed their non-concessional cap for that year, and their total superannuation balance is less than the general transfer balance cap (\$1.6 million (2017/18)), as at 30 June of the previous year.

## Tax deductions for personal contributions

The Government will allow more individuals under age 75 to claim an income tax deduction for personal superannuation contributions made on or after 1 July 2017. Currently, this tax deduction is only available to persons who are unemployed, retired, or who earn less than 10% of their total income from employment related activities.

## Extending the spouse contribution tax offset

From 1 July 2017, the Government will extend eligibility for the spouse contribution tax offset, of up to \$540, to an individual making a contribution for an eligible spouse whose income is up to \$37,000 (currently \$10,800). There will be a phase out for spouse income between \$37,000 and \$40,000 (currently \$10,800 and \$13,800).

The spouse contribution tax offset is not available if the receiving spouse's non-concessional contributions exceed the non-concessional contribution cap, or their total superannuation balance is equal to or more than the general transfer balance cap (\$1.6 million (2017/18)) just prior to the beginning of the financial year.

## Lost member accounts transferred to the ATO

If your account is considered to be lost, the trustee may be required to transfer your account balance to the ATO if:

- > your account balance is less than the small lost account threshold; or
- > the trustee is satisfied that it will never be possible to pay an amount to you (because you cannot be identified based on the information reasonably available to the trustee).

From 31 December 2015, the small lost account threshold has increased to \$4,000 (previously \$2,000) and from 31 December 2016, it will increase further to \$6,000.

If your account balance is transferred you will be able to reclaim it from the ATO. The ATO will pay interest on unclaimed superannuation money amounts paid directly to eligible individuals for the period the money was held by the ATO after 1 July 2013. Any interest paid is tax free.

Your superannuation account will generally be considered 'lost' if contributions or rollovers have not been added to your account in the last year, and either the trustee has never had an address for you, or mail sent to you by the trustee has been returned unclaimed.

## Low Income Superannuation Contribution (LISC)

From 2012/13, those with adjusted taxable income<sup>4</sup> of up to \$37,000 per annum, who have received concessional contributions during the year, may be eligible to receive a government superannuation payment of up to \$500 to help save for their retirement. This payment is called the Low Income Super Contribution (LISC).

The Government has abolished LISC payments for concessional contributions made from 1 July 2017. The LISC will be replaced with the Low Income Superannuation Tax Offset (LISTO) from 1 July 2017.

<sup>4</sup> Adjusted taxable income is the sum of taxable income, adjusted fringe benefits, target foreign income, total net investment loss, tax-free pension or benefits and reportable superannuation contributions less deductible child maintenance expenditure.

## Low Income Superannuation Tax Offset (LISTO)

The Government will introduce a Low Income Superannuation Tax Offset (LISTO) from 1 July 2017. The LISTO will compensate individuals earning \$37,000 or less for the tax paid on their concessional contributions to superannuation, up to a maximum of \$500 (a concessional contribution of \$3,333). This effectively extends the Low Income Superannuation Contribution (LISC), which ceases to apply after 30 June 2017.

## Temporary Budget Repair Levy & Medicare Levy increase

A Temporary Budget Repair (TBR) Levy of 2% will apply to the amount of a person's taxable income above \$180,000 for 2014/15, 2015/16 and 2016/17 financial years only. The TBR Levy will also be reflected in a number of other tax rates that are currently based on the top marginal tax rate, for the same three-year period. The TBR levy is due to cease on 1 July 2017.

The Medicare Levy also increased from the 2014/15 financial year from 1.5% to 2.0% and will remain at 2.0% to help fund the National Disability Insurance Scheme.

The TBR Levy and increased Medicare Levy impacts the tax withheld from some payments you receive from your superannuation-owned insurance policies as outlined below.

## Tax on payments

### Income payments

For the 2016/17 financial year, the tax payable on any income payments you receive from your Income Protection policy will include the increased Medicare Levy and may also include the TBR Levy.

### Lump sum payments

Tax withheld from lump sum insurance payments that you, or your non-tax dependent beneficiaries<sup>5</sup>, receive from your superannuation account will include the increased Medicare Levy but will not include the TBR Levy. If you or your non-tax dependent beneficiaries<sup>5</sup> receive a lump sum payment and have taxable income above \$180,000 for 2016/17, additional tax may be payable as part of the tax return process.

From 1 July 2016, if you are eligible to access your TPD insurance proceeds as a superannuation lump sum, the tax we are required to withhold will depend on your age and the tax components within your benefit, as shown in the table below.

Age	Tax withheld – taxable component	Tax withheld – tax-free component
Under preservation age <sup>6</sup>	A rate of 22% (including the Medicare Levy)	Nil
Preservation age <sup>6</sup> to 59	Up to \$195,000 <sup>7</sup> : Nil Above \$195,000 <sup>7</sup> : a rate of 17% (including the Medicare Levy)	Nil
60 or over	Tax-free	Nil

Lump sum death benefits that may arise from a Term Life policy that are paid on or after 1 July 2016 to a non-tax dependant<sup>5</sup> will have tax withheld in the following manner:

Component	Tax withheld
Tax-free	Nil
Taxable (taxed element)	Taxed at 17% (including the Medicare Levy)
Taxable (untaxed element)	Taxed at 32% (including the Medicare Levy)

<sup>5</sup> Death benefits paid as a lump sum to your dependants (for tax purposes) are tax-free. A dependant for tax purposes includes your spouse or former spouse, your children under 18, a person who was wholly or substantially financially dependent on you at the time of your death, and a person with whom you were in an interdependency relationship at the time of your death.

<sup>6</sup> Your preservation age is between 55 and 60 depending on your date of birth.

<sup>7</sup> This is the low rate cap which provides a lifetime limit of \$195,000 for 2016/17, indexed to AWOTE rounded down to the nearest \$5,000 in subsequent years.

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# Other useful information

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

## Contribution caps and rules

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

### Concessional Contributions

For the 2016/17 financial year, your concessional contributions cap will depend on your age. If you were 49 or over on 30 June 2016, your cap is \$35,000. For all other individuals, your cap is \$30,000.

### Non-Concessional Contributions

For the 2016/17 financial year, the non-concessional contributions cap is \$180,000. If you were under 65 on 1 July 2016, you may be able to make up to \$540,000 of non-concessional contributions by bringing forward your cap in respect of the next two financial years.

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

## Nomination of beneficiaries

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

Full details about how to make a death benefit nomination are available in the current BT Protection Plans PDS available on our website [bt.com.au](http://bt.com.au).

## Unclaimed money

Excess premiums will be paid to the ATO if:

- > you're age 65 and over and we haven't received a contribution or rollover for two years and we're unable to contact you within five years since last contacting you, or
- > you're a 'lost member', excess premiums are less than \$4,000 (if prior to 31 December 2016) and we haven't received a contribution or rollover for 12 months.

### Temporary residents

The Australian Government requires the Trustee to pay temporary residents' unclaimed superannuation to the Australian Tax Office (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 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 ATO under the super unclaimed money legislation. On this basis, the Trustee will not issue exit documentation for temporary residents where payments have been paid to the ATO as unclaimed money.

In the event that the benefit has not yet been transferred to the ATO, members are able to claim excess premiums from the trustee under the Departing Australia Superannuation Payments (DASP) regime.

## Eligible Rollover Fund

Currently your benefit may be transferred to an Eligible Rollover Fund (ERF) in the following circumstances:

- > if you request to transfer your benefit to another fund and that request cannot be processed due to insufficient information or the other fund returns the money to us because they have been unable to process the request;
- > if circumstances under 'Cooling-off' apply;
- > in any other circumstances permitted under superannuation law.

The ERF currently selected is:

**Super Trace Eligible Rollover Fund**  
**Locked Bag 5429**  
**Parramatta NSW 2124**

If you cancel your insurance during the cooling-off period and any benefits are transferred to Super Trace:

- > you will cease to be an account holder with us and any insurance cover provided will also cease on the date of transfer or at the end of the continuation period that may apply, if later;
- > you will need to contact the Super Trace Administrator on 1300 788 750 in order to claim your benefit back or deal with your benefit;
- > 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 that will apply;
- > 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 product disclosure statement for more information.

## Premiums

The factors determining the amount of your insurance premium include, but are not limited to, your level of insurance, gender, age, whether you are a smoker or a non-smoker, the cover selected and when it commenced, the frequency at which you choose to pay your contributions, and any special acceptance terms applied at the commencement of risk by Westpac Life Insurance Services Limited ABN 31 003 149 157 (Westpac Life). Tables of insurance premium rates are available on request.

Each premium payment includes a policy fee. At 1 October 2016, this fee (per payment) is:

- > \$90.10 if you pay your premiums annually;
- > \$49.09 if you pay your premiums half-yearly;
- > \$24.54 if you pay your premiums quarterly; or
- > \$8.18 if you pay your premiums monthly.

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

## Payment of benefits

A benefit will become payable in the event that you have a valid claim under the BT Term Life as Superannuation policy.

If you have paid your premiums and then cancelled your insurance within the cooling-off period, Westpac Life will refund the premium for payment to, or in respect of, you.

If your policy commenced prior to 1 July 2014, and a benefit becomes payable that under superannuation law is not releasable to you, you will need to transfer the amount to another superannuation fund. You need to advise us, within one month, of the name and details of the fund that you want your monies to be transferred to.

Generally, if your policy commenced on 1 July 2014 or later, any potential benefits that would not be releasable from super, will not be payable to you nor your superannuation account that your policy is held in within Westpac MasterTrust.

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# When your insurance stops

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Your insurance continues until the earliest of:

- > the date all your benefits end;
- > your death;
- > the date we cancel your insurance because you have not paid your premiums or any other amounts which relate to this insurance;
- > the date we cancel or avoid the policy as a result of an innocent or fraudulent non-disclosure and/or misrepresentation made by you prior to our acceptance of risk or during the making of a claim; or
- > the date you write to us and ask us to cancel your insurance.

If you are paying your premiums via personal or employer contributions, then in the year you turned age 65 and every year after your 65th birthday you will need to sign a declaration that you have been gainfully employed. Alternatively, you may be able to pay your premiums via rollover from another complying superannuation fund. This is subject to availability.

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

If you are unable to make this declaration from age 65 and you choose not to (or are not eligible to) pay via rollover, your insurance will cease. However, if you wish to continue to be covered you may be eligible to apply to transfer your insurance to BT Term Life without further evidence of health. Any exclusions or special conditions applicable to your insurance will be maintained under the new policy.

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# Indemnity insurance

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

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

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# Enquiries and complaints

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

**1300 553 764**  
**8.00am to 6.30pm (Sydney time)**  
**Monday to Friday**

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

**BT Protection Plans**  
**Customer Relations Consultant**  
**GPO Box 5467**  
**Sydney NSW 2001**

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

## Superannuation Complaints Tribunal

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

Your correspondence for the Tribunal should be addressed to:

**Superannuation Complaints Tribunal**  
**Locked Bag 3060**  
**Melbourne Victoria 3001**

The Tribunal may also be contacted on 1300 884 114.

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# Further information

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Other information concerning the Fund, as well as complete audited financial statements for the Westpac MasterTrust and the auditor's report is available from Westpac Securities Administration Limited,

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

or by calling the Customer Relations Centre on 1300 553 764.

This is a risk only product which does not have an investment component. All premiums are paid to Westpac Life in respect of the life insurance policies. The insurance benefits payable to each member are determined by reference to the benefits payable under the life insurance policy.

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

## Trustee details

Westpac Securities Administration Limited

ABN 77 000 049 472

Westpac Place  
275 Kent Street  
Sydney, NSW 2000.

## Directors of the Trustee

As at 30 June 2016:

John Shuttleworth  
David Plumb  
Lorraine Berends  
Melinda Howes  
Michael Cottier  
Jane Perry

## Registered Office

Level 20, Westpac Place  
275 Kent Street  
Sydney, NSW 2000.

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## For more information



**Customer Relations Centre**  
**1300 553 764**  
**8.00am to 6.30pm (Sydney time)**  
**Monday to Friday**

The information contained in this report does not constitute tax advice and is based on current tax laws and our interpretation. Your individual situation may differ and you should seek independent professional tax advice.

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

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