

# St. George Term Life as Superannuation

Annual report for the year ended 30 June 2018.



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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.

# Welcome

Dear member,

On behalf of the Trustee, Westpac Securities Administration Limited, I am pleased to present to you the 2018 Annual Report for St.George Term Life as Superannuation.

Your St.George 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 366 416 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,



Kim Cohen  
**Head of Product, Life Insurance**

# Developments in superannuation

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

## 2018/19 superannuation thresholds

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

Concessional contributions cap	\$25,000
Non concessional contributions cap	\$100,000 <sup>1</sup>
Capital gains tax (CGT) cap (lifetime limit)	\$1,480,000
Government co-contributions	
- Maximum co-contribution <sup>2</sup>	\$500
- Lower threshold	\$37,697
- Upper threshold (cut off)	\$52,697
Superannuation guarantee (SG) rate <sup>3</sup>	9.5%
Low rate cap	\$205,000

## Non-concessional contributions cap

If your total super balance is \$1.6 million or more on 30 June of the previous financial year, your non-concessional contributions cap will be nil.

If you were under age 65 on 1 July of a financial year and satisfy other conditions, you may be eligible to utilise bring-forward arrangements to allow you to make larger non-concessional contributions over a two or three year period.

If you were under age 65 on 1 July 2018 and had a total super balance of less than:

- \$1.4m, you may be able to make non-concessional contributions of up to \$300,000 over a three year period, or
- \$1.5m, you may be able to make non-concessional contributions of up to \$200,000 over a two year period.

If you triggered the bring-forward arrangements in the 2016/17 financial year and have not contributed your full bring-forward amount before 1 July 2018, transitional arrangements apply to reduce your non-concessional contributions cap. If this applies to you, we recommend you refer to the ATO or seek professional advice to determine your non-concessional contributions cap.

## Concessional contributions cap

The concessional contributions cap is \$25,000 per financial year.

From 1 July 2019, if your total super balance is less than \$500,000 on 30 June of the previous financial year, your concessional contributions cap will be increased by the total unused amounts of your concessional contributions cap from the previous 5 years. You commence accumulating unused cap amounts from 1 July 2018.

1 If you were under age 65 on 1 July 2018 and satisfy other conditions you may be able to make larger non-concessional contributions over two or three financial years. Once your total super balance has reached \$1.6 million, however, your non-concessional contribution cap will be nil. Your total super balance is assessed as at 30 June of the previous financial year.

2 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.

3 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% at 1 July 2025.

## Division 293 tax threshold

The threshold for division 293 tax is \$250,000 per annum.

If your combined adjusted taxable income<sup>4</sup> and concessional contributions to superannuation (less excess concessional contributions) exceeds the \$250,000 threshold in a financial year, you will have an additional 15% tax imposed on the lesser of:

- the amount of your combined adjusted taxable income and concessional contributions (excluding excess concessional contributions) above \$250,000, or
- your concessional contributions less your excess concessional contributions.

## Transfer balance cap

You can only transfer an amount up to your transfer balance cap into retirement phase superannuation income streams (this generally includes income streams that receive an earnings tax exemption). The transfer balance cap is \$1.6 million for the 2018/19 financial year and will be indexed to CPI each year rounded down to the nearest \$100,000. Amounts in excess of your transfer balance cap will need to be removed from your income stream(s) and may attract additional taxes and charges.

To keep track of your transfer balance cap and the amounts that are added and deducted from your cap, the ATO will create a transfer balance account for you when you first commence a superannuation income stream that is eligible for an earnings tax exemption.

If you had one or more existing superannuation income streams that are eligible for an earnings tax exemption on 1 July 2017, the ATO will already have created a transfer balance account for you.

Modifications to your transfer balance cap may also apply in certain circumstances including where you have made personal injury contributions to superannuation or if you are a child death benefit beneficiary.

Note that payments from Term Life as Superannuation policies cannot be used to commence an income stream inside Westpac MasterTrust. However, these insurance payments may be rolled to another superannuation fund that offers an income stream.

We recommend you refer to the ATO or seek professional advice to determine your transfer balance cap.

## Eligibility for Government co-contributions

To be eligible to receive a government co-contribution in respect of personal contributions made to your super, you:

- must have a total super balance less than the transfer balance cap (\$1.6 million for 2018/19) as at 30 June of the previous financial year, and
- must not have made contributions above your non-concessional contributions cap for the financial year.

All other existing eligibility criteria remain unchanged. For further details refer to the ATO website at [ato.gov.au](http://ato.gov.au).

Note that Government co-contribution payments cannot be made into Westpac MasterTrust, but can be made into an accumulation-based superannuation fund.

## Tax deductions for personal contributions

If you are aged under 75, you may be able to claim an income tax deduction for personal superannuation contributions made, regardless of your employment status. Previously, this tax deduction was only available to persons who were not employed or who were substantially self-employed.

If you are a member of a Commonwealth public sector superannuation scheme, a constitutionally protected fund (CPF), or certain other funds that offer defined benefit interests, you may not be eligible to claim a deduction for personal contributions you make to these funds.

<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.

## The spouse tax offset

The spouse tax offset income threshold is \$37,000. You may be able to claim up to the maximum tax offset amount of \$540 for contributions made to your spouse's super fund where your spouse's income is equal to or below this threshold. The tax offset amount you may be entitled to will gradually reduce for income above this threshold and completely phases out when your spouse's income reaches \$40,000.

In addition, you will not be entitled to the tax offset if your spouse:

- exceeds their non-concessional contribution cap for the relevant financial year, or
- has a total superannuation balance equal to or greater than the transfer balance cap (\$1.6 million for 2018/19) as at 30 June of the previous financial year.

All other existing eligibility criteria remain unchanged. For further details refer to the ATO website at [ato.gov.au](http://ato.gov.au).

## Superannuation death benefit payments can be rolled over

Eligible beneficiaries are able to transfer superannuation death benefits to another provider to commence a death benefit income stream, however cannot combine this benefit with other superannuation monies.

Eligible beneficiaries are those that are able to receive an income stream under current rules, such as your spouse; a person who was wholly or substantially financially dependent on you at the time of your death; a person with whom you were in an interdependency relationship at the time of your death; or a child under age 18, age 18-25 and financially dependent, or disabled.

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

The Federal Government announced a number of changes to superannuation in the 2018 Federal Budget. The proposed changes, as described below, are not yet law and are subject to change.

## Protecting your super package

The government has proposed the following 3 measures to apply from 1 July 2019.

1. Insurance in super can only be provided on an 'opt-in' basis for:
  - Members under age 25;
  - Inactive accounts where no contributions or rollovers have been made within the last 13 months unless the member has elected to obtain or maintain their insurance cover;
  - Accounts with balances below \$6,000 (and has never reached \$6,000 since 1 April 2019)
2. Any inactive super accounts with balances below \$6,000, where no insurance cover is attached, will need to be transferred to the ATO.
3. Capping the total amount of administration, investment fees and prescribed costs to 3% each year for superannuation accounts with balances below \$6,000. In addition, exit fees will be banned on all super accounts.

# Other useful information

**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 or your employer make to all your superannuation accounts (including Term Life as Superannuation), so these caps are not breached.

### Concessional contributions

For the 2018/19 financial year, your concessional contributions cap is \$25,000.

### Non-concessional contributions

For the 2018/19 financial year, the annual non-concessional contributions cap is \$100,000. If you were under 65 on 1 July 2018, you may be able to contribute a higher level 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 St. George Protection Plans Product Disclosure Statement and Policy Document (PDS) on our website [stgeorge.com.au](http://stgeorge.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 St. George Protection Plans PDS available on our website [stgeorge.com.au](http://stgeorge.com.au).

## Unclaimed money

Excess premiums will be paid to the ATO if:

- you're aged 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 \$6,000 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 2018, this fee (per payment) is:

- \$93.60 if you pay your premiums annually;
- \$50.99 if you pay your premiums half-yearly;
- \$25.50 if you pay your premiums quarterly; or
- \$8.50 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

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.

## When your insurance stops

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.

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 onwards, and you choose not to pay via rollover, your insurance will cease. However, if you require insurance after this time, you may be eligible to apply to transfer your insurance to St. George Term Life without further evidence of health. Any exclusions or special conditions applicable to your insurance will be maintained under the new policy.

## Indemnity insurance

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

Westpac Life is the insurer of St. George 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 St. George 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.

## Enquiries and complaints

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

1300 366 416  
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:

St. George Protection Plans  
Customer Relations Consultant  
GPO Box 5455  
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.

## Australian Financial Complaints Authority (AFCA)

If you are not satisfied with the outcome of your complaint or our decision in relation to Westpac Term Life as Superannuation, you may contact the Australian Financial Complaints Authority or 'AFCA'. The Australian Financial Complaints Authority or 'AFCA' is an external dispute resolution (EDR) scheme to deal with complaints from consumers in the financial system. It is operated by a not-for-profit company. AFCA may be able to assist you to resolve your complaint.

Your correspondence for AFCA should be addressed to:

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001

AFCA can also be contacted on 1800 931 678.

Website: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

## Further information

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 366 416.

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 2018

- David Plumb (Chairman and Independent Non-executive Director)
- Lorraine Berends (Independent Non-executive Director)
- Michael Cottier (Independent Non-executive Director)
- Jane Perry (Independent Non-executive Director)
- Melinda Howes (Executive Director)
- John Shuttleworth (Executive Director) (resigned 1 August 2018)
- Katherine Vincent (Executive Director) (appointed 1 August 2018)

### **Registered Office**

Level 18  
Westpac Place  
275 Kent Street  
Sydney NSW 2000

Preparation date of this document is 18 December 2018

## For further information

 **Contact Customer Relations Centre**

 **1300 366 416, 8.00am to 6.30pm  
Monday to Friday (Sydney time)**

 **Visit [stgeorge.com.au](https://stgeorge.com.au)**



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.

St.George Bank - A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL and Australian credit licence 233714.

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