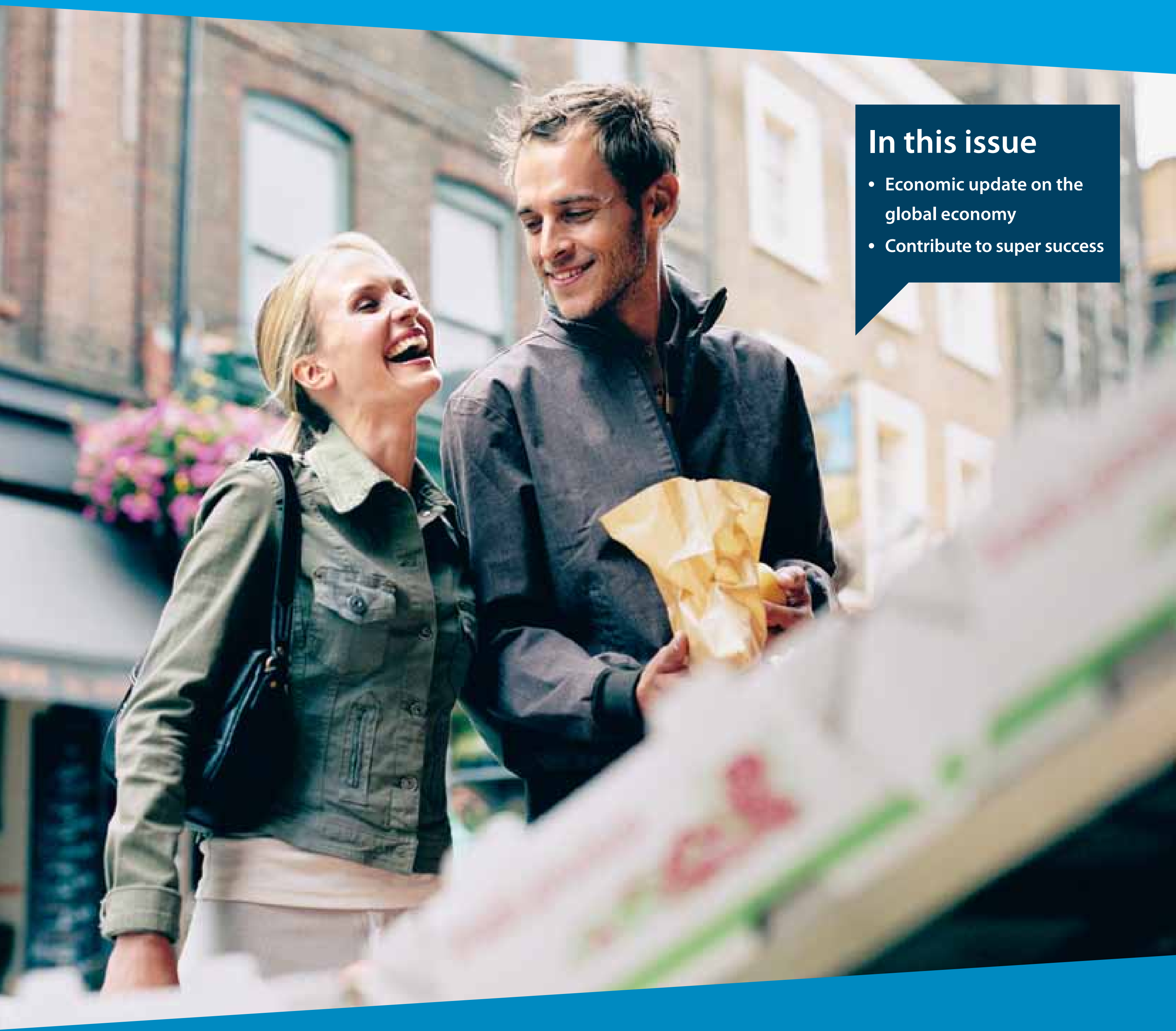
Member Update

ANZ SUPERANNUATION SAVINGS ACCOUNT
JUNE 2012



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ANZ

In this issue:

Welcome to your end of financial year Member Update

In this issue of your Member Update, you can find out what's been happening in global economies and signs for recovery in our new economic update by ANZ's Chief Economist, Warren Hogan.

We understand that your super is one of the most important ways in which to help you reach your retirement goals. To ensure it works smarter for you, we've identified how you can take advantage of some tax concessions inside super. However, you need to be aware of contributions caps, which we explain on pages 4 and 5.

Finally, in the May 2012 Federal Budget, some key changes to super were announced that could affect you, especially if you salary sacrifice into your super fund, or are looking to commence such an arrangement. You'll find a summary of the key changes on page 6.

Thank you again for entrusting your super with us, and I wish you all the best for the year ahead.

Patrick Clarke
Head of Direct Superannuation and Investments
Global Pensions and Investments

About ANZ

With a history that dates back over 175 years, ANZ is one of Australia's leading banks as well as the largest bank in New Zealand and the largest Australian bank in Asia.

ANZ operates in 32 markets globally with representation in Australia, New Zealand, Asia Pacific, Europe, America and the Middle East. ANZ provides products and services to more than 8 million retail customers worldwide and employs over 48,000 people.

ANZ aims to become a super regional bank. This involves growing in the Asia Pacific region while also remaining very focused on the business and opportunities that exist in Australia and New Zealand.

ANZ has a strong involvement in the community, leading the way with programs targeting financial literacy, indigenous inclusion, the environment, volunteering and sponsorship.

We leverage our financial expertise and resources to deliver innovative financial inclusion programs in the community, such as our SaverPlus and MoneyMinded programs which help thousands of people from disadvantaged backgrounds to build their financial knowledge, skills and confidence.

ANZ economic update

Warren Hogan, ANZ's Chief Economist, updates us on the global economy and prospects for recovery.

Our view at ANZ is that the global economy is taking tentative steps down the path to recovery from the GFC. Economic signals, however, are mixed and many of the major developed economies face significant challenges before a sustained recovery takes hold.

Growth expectations have begun to improve through the first quarter of 2012 in response to better economic data in the USA and injections of money by central banks in Europe and Japan.

Sustained global recovery depends on North America and Europe returning to stable growth.

At a global level the data is encouraging. We expect global Gross Domestic Product (GDP) growth of around 3.5% in 2012 and 4.25% in 2013, compared to a long-term average of around 3.5%. Much of this growth, however, will come from the developing world, including China, India and Brazil. By contrast, growth forecasts for the large developed economies of the USA, Japan and Germany are much lower.

One factor inhibiting a recovery in the industrialised economies has been 'de-leveraging' or businesses and households paying down debt. To combat this, the key central banks – the US Federal Reserve and the European Central Bank (ECB) – have injected vast amounts of money into the system to help support asset prices and growth. This is likely to continue. A potential side-effect, however, is inflation.

Financial volatility in the global economy is set to continue in the near future. Key drivers of this instability are high debt levels coupled with weak growth in peripheral European Union countries tied to the euro, especially Spain, Italy and of course, Greece.

Europe

While the ECB's Long-Term Refinancing Operation (LTRO) has reduced the probability of a credit crunch and severe economic contraction in Europe, other risks still remain, including a political backlash against economic austerity, a rising oil price and inflation.

USA

The world's largest economy continues to improve modestly, but we believe a sustained recovery in the USA requires a rebound in the housing sector. While there are encouraging signs in construction and affordability indicators, recovery in housing looks muted at this stage.

China and emerging Asian nations

China, which has been the cornerstone of recent world growth, has revised official forecasts down to 7.5% GDP growth in 2012. We expect over 8% growth as global demand recovers. Moderating of inflation pressures will allow its central bank, the People's Bank of China, to lower interest rates and support strong economic growth which is important during the transition to new political leadership.

Financial markets are expecting a recovery in the emerging economies in Asia (many of which are strongly linked to China). Capital inflows since late 2011, together with recent economic data, both point towards an acceleration in economic activity in the region.

Australia

At home, the Australian economy is experiencing a number of diverse and sometimes conflicting forces, including the impact of the energy, mining and infrastructure investment boom. This has spawned a 'two-speed economy', wilting consumer confidence and the strong Australian dollar, which has impacted trade exposed industries.

In the face of these forces, the Reserve Bank of Australia (RBA), has recently lowered official interest rates to 3.5%. The demand for workers, together with other labour market statistics, gives an indicator of economic health.

Recent improvements in the ANZ Job Advertisement Series suggests a cyclical recovery is underway in the Australian economy.

> "We can't yet see strong signals of sustained recovery in the global economy. There are still many patchy areas which call for an effective policy response from governments to stabilise and further stimulate demand. Without this, the path to recovery will be longer and bumpier."
>
> **Warren Hogan**
> **ANZ Chief Economist**

Contribute to super success

Even though there have been recent changes to super laws, there are still ways you can tax-effectively save now, to boost your lifestyle in retirement.

Recent research indicates that it costs around $55,080 p.a.* for couples to enjoy a comfortable retirement. The Superannuation Guarantee contributions your employer makes into your super are a great start, but may not be enough to build the superannuation savings you'll need to fund the lifestyle you'd like in retirement.

By putting some additional money away now, you can help your super grow faster. You can also take advantage of the tax concessions inside super.

There are two types of contributions you can make:

- Concessional (before-tax) – are made up of employer contributions including any salary sacrifice and personal contributions allowed as a tax deduction.
- Non-concessional (after-tax) – generally include those made by you, your spouse and the Government and are not taxed when they enter your super fund.

* ASFA Retirement Standard, May 2012

Tax concessions inside super

Concessional super contributions are generally taxed at 15%, as opposed to your marginal tax rate of up to 46.5% (including the Medicare levy). (Read about proposed tax changes for very high income earners on page 6.)

This tax concession can be a great way to turn money that you would have otherwise paid in tax, into super. But, there is a limit of $25,000 p.a. that you can contribute to super tax-effectively.

If you're not putting any extra super away, and your employer contributions are less than $25,000 p.a., you can potentially use what's left of this $25,000 p.a. cap to commence a salary sacrifice arrangement. The example in the next section shows you how this works.

Before making any extra contributions, ensure you speak to your financial adviser

Salary sacrifice example when your employer is contributing less than $25,000 p.a.

- You earn $80,000 p.a.
- Your employer is contributing $7,200 p.a. to your super
- You salary sacrifice an additional $17,800 p.a.
- Your total concessional contribution becomes $25,000 p.a.
- Your take home pay is $49,572 p.a.
- **Your tax saving is $3,449†**

† This example is for illustrative purposes only and does not constitute financial advice. It assumes $80,000 p.a. is the only source of income, based on 2012/2013 tax rates, including Medicare levy and low income tax offset. Excludes any Medicare levy surcharge and mature age worker and senior Australian tax offsets.

Know your contributions caps to prevent excess contributions tax

The Government has imposed caps to both concessional (before-tax) and non-concessional (after-tax) contributions to your super. Going over your limits will attract excess contributions tax.

Here is a snapshot of contributions caps and excess contributions tax.

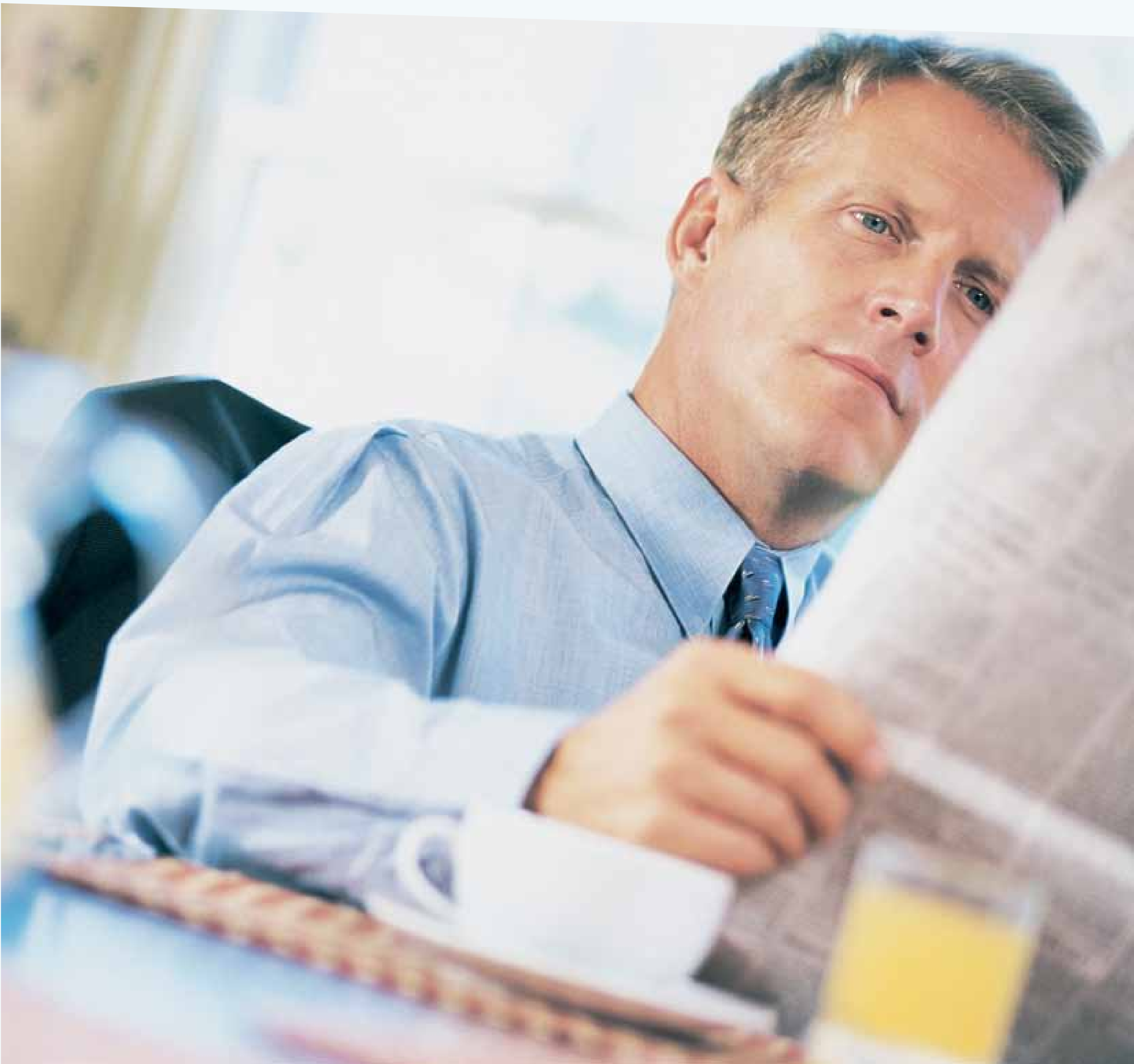
Type of contribution and cap	Excess contributions tax
Concessional (before-tax)	
$25,000 for 2012/13 and 2013/14 financial years for all individuals	Exceeding the cap will attract tax of 31.5% (in addition to 15% contributions tax). Refer to proposed changes on the following page. Any concessional contributions in excess of the cap will also count towards your non-concessional contributions cap.
Non-concessional (after-tax)	
$150,000 for 2012/13 and 2013/14 financial years	Exceeding the cap will attract tax of 46.5%
For people under 65 years old, you can bring forward two years' contributions caps. This effectively allows you to contribute up to $450,000 in one financial year, or over three financial years	

What happens if you exceed the caps?

If you exceed the annual concessional contributions cap of $25,000, excess contributions tax of 31.5% will apply to the amount over the cap (in addition to tax on concessional contributions you have already paid). This tax can be paid from your super account on presentation of a release authority issued by the ATO, or can be funded from money you have outside of super.

For first time breaches of the concessional contributions cap made from 1 July 2011, you may request excess concessional contributions of up to $10,000 be refunded, with this excess taxed at your marginal tax rate rather than at the excess contributions tax rate of 31.5%.

Non-concessional contributions which exceed the non-concessional contributions cap will be taxed at 46.5%. This must be paid from your super account.



Government changes to super

Changes affecting your contributions you need to know

Several important changes to your super have been announced by the Government, but not all are legislated as yet. Below is an update of the changes.

Change to contributions cap

From 1 July 2012, the concessional contributions cap in 2012/13 and 2013/14 for all individuals is $25,000.

The Government has proposed that from 1 July 2014, individuals aged 50 years or older, with super balances below $500,000, may be able to make $25,000 additional concessional contributions over and above the general $25,000 concessional contributions cap.

Increased contributions tax for very high income earners

The Government has proposed that from 1 July 2012, individuals with incomes greater than $300,000 may have certain concessional contributions taxed at 30% (increased from 15%).

The higher rate will not apply to concessional contributions exceeding the concessional contributions cap. These are already subject to the 'excess contributions tax' rate.

Reduction to government co-contribution amounts

Further reductions to the co-contribution scheme have been proposed from 1 July 2012. The maximum co-contribution is to reduce from $1,000 to $500, the co-contribution rate is to reduce from $1.00 to $0.50 and the higher income threshold is to decrease from $61,920 to $46,920.

Earlier proposals which are now law

Low Income Superannuation Contribution

From 1 July 2012, the Low Income Superannuation Contribution will effectively refund up to $500 of contributions tax to people who earn up to $37,000 in adjusted taxable income.

Superannuation Guarantee increased and age limit abolished

The Superannuation Guarantee (SG) rate will progressively increase from 1 July 2013. The current SG rate of 9% will continue to apply in 2012/13, increase to 9.25% in 2013/14 and rise progressively to 12% by 2019/20.

The SG age limit of 70 will be removed from 1 July 2013, and employers will be required to contribute to complying super funds of eligible employees aged 70 and older.

Please note: ANZ Superannuation Savings Account is unable to accept government co-contributions or low income superannuation contributions. However, if you are eligible for either of the above contributions, you may direct these contributions to another superannuation fund.

Please visit ato.gov.au for more information and speak to your financial adviser

Important changes and information

Directors of OnePath Custodians Pty Limited

The Directors of OnePath Custodians Pty Limited for the period 1 July 2010 to 30 June 2012 (the Trustee of the Fund) are as follows:

Current Directors

Name	Period of Directorship
C T Brackenrig	Appointed 05/05/2011
S J Chapman	Appointed 01/08/2011
V S Weekes	Appointed 01/08/2011
C M McDowell	Appointed 15/02/2012

Previous Directors

Name	Period of Directorship
P D Barrett	Appointed 05/05/2011, Resigned 15/02/2012
M A Bertram	Appointed as Alternate to D J Kan on 17/07/2008, Resigned 21/04/2011 Appointed as Alternate to R A Bowden on 24/06/2009, Resigned 08/04/2011
R A Bowden	Appointed 01/03/2005, Resigned 08/04/2011
D J Kan	Appointed 07/07/2008, Resigned 21/04/2011
G J Kelly	Appointed 30/11/2009, Resigned 31/08/2011
G Meyer	Appointed 22/02/2007, Resigned 31/08/2011

Contact us

Customer Services

13 38 63

customer@onepath.com.au

anz.com

ANZ Superannuation Savings Account is a product offered by the OnePath MasterFund (ABN 53 789 980 697, RSE R1001525, SFN 2929 169 44) (Fund). When you invest in this product, you become a member of the Fund. OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673) is the trustee and issuer of the Fund and the issuer of this Member Update.

The issuer is a wholly owned subsidiary of Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (ANZ). ANZ is an authorised deposit taking institution (Bank) under the *Banking Act 1959* (Cth). Although the issuer is owned by ANZ it is not a bank. Except as described in the Product Disclosure Statement (PDS), an investment in ANZ Superannuation Savings Account is not a deposit or other liability of ANZ or its related group companies and none of them stands behind or guarantees the issuer or the capital or performance of your investment. Your investment is subject to investment risk, including possible repayment delays and loss of income and principal invested. Returns can go up and down. Past performance is not indicative of future performance.

This information is current as at June 2012 but may be subject to change. Updated information will be available free of charge by contacting Customer Services on 13 38 63.

The information is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, you should consider the appropriateness of the information, having regard to your needs, financial circumstances and objectives. The case studies used in this Member Update are hypothetical and are not meant to illustrate the circumstances of any particular individual.

You should read the PDS available at anz.com and consider whether the product is right for you before making a decision to acquire or continue to hold the product.

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