Member Update

FOR ANZ SUPERANNUATION SAVINGS ACCOUNT MEMBERS FOR THE PERIOD
1 JULY 2010 TO 30 JUNE 2011

Make your savings super

Welcome to your Member Update

Welcome to your end of financial year Member Update

These days, it seems more of us are putting plans in place to achieve our financial goals. Similarly, many of us are ensuring we have some safeguards against the unexpected. Having a sound financial strategy in place can help deliver you freedom and confidence as you go through life.

In this edition of Member Update, we take a look at some of the issues affecting financial markets and economies here and overseas. Plus we highlight some financial strategies to help you work towards achieving your desired lifestyle for retirement.

Economic insights – if the shoe fits

In this edition of Member Update, Stewart Brentnall, OnePath's Chief Investment Officer, shares his insights on where he sees the local and global economies and sharemarkets heading, and what we might expect in coming months.

Saving – the new black

On page six we examine the profound effect that the Global Financial Crisis and more recent events appear to have had on attitudes to savings. Increasingly, we are all looking for ways that can help us prepare for the unexpected and be in a position to ride out downturns in the market.

Make your savings super

See page seven for some simple strategies to put you on the path towards a more comfortable retirement, knowing that you also have in place a buffer against market factors beyond your control.

Latest updates

We also provide an overview of the recent Federal Budget announcements on superannuation and other updates.

We hope that you find this Member Update informative and thank you for the opportunity to help you achieve your financial goals.

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 more than 32 countries including Australia, New Zealand, Asia, the Pacific, the Middle East, Europe and America, providing banking and financial products and services to more than 8 million customers worldwide and employing over 48,000 people.

We are building a super regional bank – a bank of global quality with regional focus. This involves growing our presence in the Asia Pacific region, while also being very focused on growth in our core domestic businesses in Australia and New Zealand. Our super regional strategy means we are uniquely placed to connect our customers across the Asia Pacific region and deliver on our brand promise: 'We live in your world'.

Growing our business responsibly and making a contribution to the communities in which we operate are fundamental drivers of the way we do business. Our community activities include our giving programs and investment in community initiatives that are aligned to our Corporate Responsibility Framework. We provide our staff with opportunities to volunteer their skills and time to community causes, such as supporting relief and recovery efforts when disasters occur in our region.

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.

In this issue:

It is important that you read this document as it provides an update on the significant product and regulatory changes that affect ANZ Superannuation Savings Account members. You should read the relevant information to understand how these changes may affect you.

We have also produced an Annual Report containing other important information associated with your membership which is available on our website anz.com > Investments & advice > Resources. You may also elect to have a hard copy or electronic copy of the Annual Report sent to you free of charge. Call Customer Services on 13 38 63 for further information.

Economic insights – if the shoe fits

with Stewart Brentnall, Chief Investment Officer, OnePath

Stewart discusses his thoughts on how current themes in economies and markets will play out over the next year and beyond.

Rarely, in recent times, have we had such a disparity of views from respected economic and market commentators, over which direction, and by how much, markets are going to move in the next year and beyond. Currently these include a 'Japan 90s style' gradual decline, a volatile and unpredictable climate, a 'muddle through sideways' model and a 'she'll be all right' upward trend. So which one is most likely and how can we plan ahead?

Diversification – how does it all fit together?

Rational thinking and accepted wisdom teaches us that we should build an investment portfolio that contains a mixture of asset classes, fund managers and securities that will help meet our investment goals while also protecting us against the unwanted impacts of as many economic and market shocks as possible.

However, careless diversification will not protect us when we need it most and over-diversification will probably result in higher costs and may rob us of some intended portfolio characteristics.

We should be thinking that each component of our investment portfolio has a clearly intended purpose and that each part should complement the other parts. Thinking about it, this sounds scarily like conversations I have with my wife, from time to time, about the contents of her shoe cupboard!

So let's think about what's happening around the world and how we can build an investment portfolio to suit these conditions.

What is happening in the global economy?

Three things currently strike me about the global economy:

The different speeds of emerging and developed economies

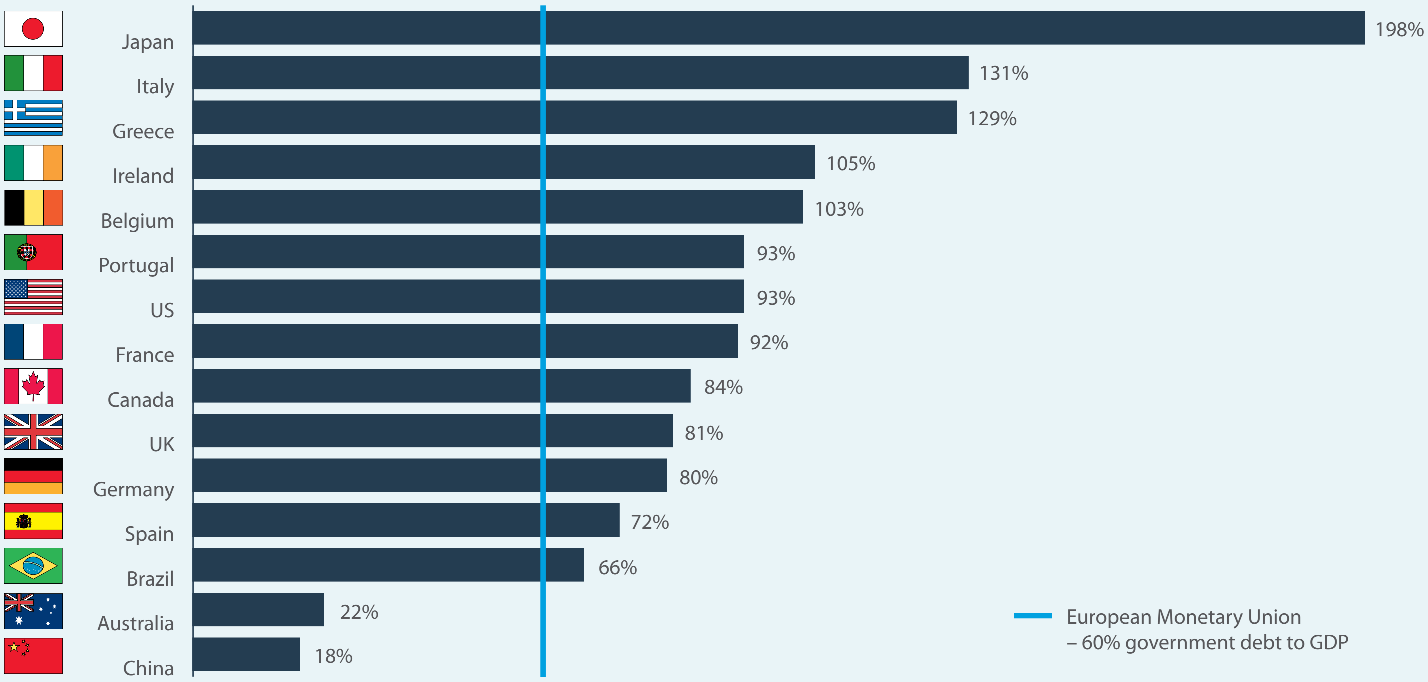
China's and India's Gross Domestic Product (GDP) continues to grow at almost 10% p.a. whereas the developed world struggles to manage only about 2% GDP growth p.a. House prices and building levels are largely anaemic across the western world, but building is rampant in emerging economies (with city skylines packed with cranes) and inflation of essential goods (food and energy prices) is rising sharply around the world.

Excessive levels of government debt

European countries average over 90% of government debt to GDP (ranging from 72% to 131%). The United States, by comparison, is currently 93% and Japan 198% government debt to GDP. Interestingly, in 1992 when the European Monetary Union was set up, joining countries were required to have no more than 60% government debt to GDP.

As simple as it might sound, there are only three ways for governments to reduce debt – pay it back, cause a reduction in its real value through inflation, or default. While borrowing to stimulate consumption and investment keeps economies moving, it also defers longer term recovery, as interest payments get higher and higher and ultimately consumption has to be reduced in order to pay back debt.

Gross government debt as a percentage of GDP, 2010



Source: Standard and Poor's (long-term credit) and Organisation for Economic Co-operation and Development – General Government debt (% of GDP)

I expect that a number of European countries may default in the next year. This is because the austerity measures and belt-tightening required to enable repayment of high levels of debt and reduction of crippling interest payments are simply too high and politically unacceptable. Default will inevitably be painful and cause losses.

The ongoing strength of commodities and precious metals

Since the Global Financial Crisis (GFC), two factors have been notable in the commodities and precious metals sectors. Firstly, the combination of credit tightening and continuing strong demand for commodities from emerging economies has meant prices for iron ore, coal and base metals have been driven up. Very limited new production capacity has been financed and built, which has kept these prices high.

Secondly, views that inflation may rise and the declining reputation of bank and government debt as quality investments, has meant that the demand for gold and silver (as a store of safe value) has gone through the roof. In less than three years, the US dollar price of gold has almost doubled and the price of silver has risen almost six-fold! Can this performance continue and can these prices last? I think not and I am worried by the influx of retail investors' money as investment in gold and silver has become more easily available.

To me, these prices are in part the result of herd behaviour – where we all like the sound of what our neighbour has, and would like to have some of it, without giving proper consideration to investment merits (or the lack of them).

Putting these factors together, we can see pockets of growth, some potential bubbles and some worrying longer term impacts of excessive debt. Too many eggs in any one of these baskets may lead to 'portfolio pain' and we need to carefully build a diversified set of investment exposures into a robust investment portfolio.

What does this all mean for sharemarkets?

Despite some views of a global economic recovery, we should be wary of placing too much optimism on sharemarket performance also lifting sharply. Local and overseas shares have fallen, mainly by between 5% to 10% in the two months leading up to 30 June 2011, as investors have worried about slowing economic growth, debt and sluggish US and European housing markets.

For **developed sharemarkets**, I see a period of sideways movement for some time, as economies digest current imbalances of high levels of debt to GDP and investors remain conservatively placed in cash and liquid assets on the sideline. Higher recent savings rates (as a proportion of disposable income), in place of spending, are also holding back sharemarkets – although the longer term impacts of this extra saving will be positive for equities.

Emerging sharemarkets will, I think, continue to perform well, as they enjoy the ongoing stimulus of capital investment (especially China) and gradually increasing levels of domestic wealth and consumption. China may have an overheated, high-end apartment market, but its broader economy is being managed diligently, even if one day current levels of production and investment in it decline. Such decline would also impact those who rely on supplying China, including Australia.

Australian shares continue to operate at two distinctly different speeds in earnings terms. Resources stocks and companies which export to Asia and the emerging markets continue to have a bright earnings outlook.

On the other hand, much of the domestic-facing industry and services sector are lumbering along more slowly. The financial sector is also feeling the bite of declining rates of demand for loans, especially in the commercial sector. Overall, resources share prices may already fully reflect the better outlook for the export and investment sectors.

What are current views on the Australian dollar?

The Australian dollar is still worth more than one US dollar and remains strong against most currencies. I remain of the belief that this is the result of three factors – strong commodity prices, relatively high Australian interest rates and an apparently safe home for currency traders.

I still think that our dollar may slip back below parity with the US dollar over the next year, but the timing and mechanism for this is very hard to call. One thing that concerns me is the amount of advertising one now sees, inviting retail investors to think they can suddenly become currency trading experts, and speculate for gain. We don't become qualified electricians overnight, so why should we become currency experts as quickly? Beware – the shocks from mistakes can be equally painful in both cases!

So, where to next?

Investment goals and portfolio planning should be approached as long-term exercises. Investment portfolios should be built to include multiple asset classes which will allow reasonable performance in as many market conditions as possible. This should include defensive assets such as bonds, which will perform better in times of flat or slowing growth – as they have done over the last year. Adding to the mix, some cash, as well as commodities, currencies and other forms of less traditional assets, will allow us to access new investment opportunities.

As I finish, I am recalling looking into a cupboard containing shoes of a multiplicity of colours, shapes and styles that can be mixed and matched to complement any outfit and suit any occasion. I can hear my wife's words – and the analogy with investments is an excellent one!

Saving – the new black

The Global Financial Crisis (GFC) may no longer dominate news headlines quite as much, but it appears to have left a profound impact on the behaviour of many Australians.

While the Australian economy has recovered well, memories of the GFC, subsequent sharemarket volatility and general uncertainty remain. In addition, rising interest rates, natural disasters, an ageing population and increasing cost of living have all contributed to a more cautious approach to spending.

Earlier this year, the Reserve Bank of Australia (RBA) released figures that showed the household savings ratio – what we save compared to our disposable income – had reached 10%, the highest it had been in over 20 years. This is a significant shift when you consider that only five years ago this was a negative figure (we were spending 2% more than we were earning).*

You could almost say that saving is back in fashion and Australians have rediscovered their appreciation for it.

* Reserve Bank of Australia, Statement on Monetary Policy, February 2011 www.rba.gov.au

Saving basics

Saving money to achieve financial security sounds like a great idea but many people just don't know where to begin. The good news is that it doesn't take a lot to potentially make a real difference. The key to long-term savings success is making it a habit. For example, if you're usually spending around $3.50 a day on coffee, you could save over $900 a year by not buying a coffee every morning!

1. Create a budget

- Take control of your finances – keep a record of all your weekly expenses.
- Understand what your regular spending habits are.
- Consider payments that you make less frequently, look ahead and record other major expenses (for example, car registration).

2. Prioritise expenses

Once you've listed all your expenses, decide if they are necessary or discretionary 'wants' – these are expenses that you can consider cutting back on.

3. Simple savings

Don't worry, you don't have to cut out all of your wants for the savings to start adding up. Here are some simple examples of ways you can save:

- Stop buying a coffee every morning.
- Bring your lunch from home.
- Limit how often you eat out at restaurants.
- Take advantage of cheaper weekday movie sessions.
- Pay off your credit card balance in full each month to avoid interest payments.
- Plan holidays to take advantage of special offers and even favourable exchange rates for the Australian dollar.

Once you've worked out how much you're able to save each month, make sure you put that money aside as soon as you get paid. That way, you won't be tempted to spend it.

Remember, it's not about saving everything and having nothing to live on. It's about identifying what you can manage without and sticking to regular investments.

Make your savings super

Australians wanting to save for the long term need look no further than super.

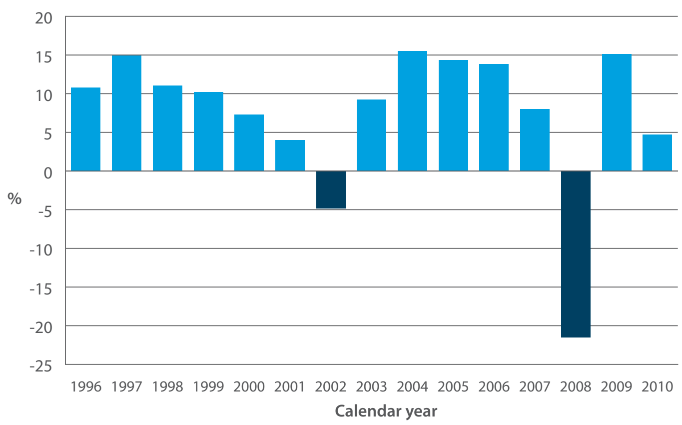
Saving for the long term

Regular Superannuation Guarantee (SG) contributions and concessional tax treatment make super a potentially attractive retirement savings option.

Building a savings buffer for your retirement doesn't necessarily require big contributions. The key is making regular contributions. This is because you can benefit from the compounding effect of earnings on your investment over a longer period and investment returns are smoothed out over time. Put simply, the earlier you start, the better off you'll be.

While balances may have taken a hit during the Global Financial Crisis (GFC), the graph below shows that super remains an attractive investment for stable long-term savings. Over the past 15 years there have only been two negative years in that period.*

Super returns over last 15 years



* Chant West, Super Fund Returns, median returns for growth funds for the past 15 years – December 2010. Performance is shown net of investment fees and tax. It does not include administration fees or adviser commissions, www.chantwest.com.au

Will you have enough?

Some people, for example women taking time out of the workforce to raise children or those very close to retirement, may find that the current rate of 9% SG may not be enough to achieve a comfortable retirement. Many Australians need to look to additional super contributions to secure their long-term financial future. Thankfully, there are a number of options available.

So once you've set up your budget and worked out how much you are willing to save, here are some strategies you may like to consider. Discuss these with your financial adviser to determine which works best for you.

Non-concessional (after-tax) contributions

Topping up your employer contributions with a contribution from your salary (after-tax) is the most straightforward way to boost your retirement savings. Currently, the annual cap is $150,000 (or $450,000 if you 'bring forward' two years of contributions, see page 13 for more information on contributions caps). So there is plenty of opportunity to make the most of super's tax concessions.

Making non-concessional contributions to your ANZ Superannuation Savings Account is easy. Your ANZ Superannuation Savings Account accepts electronic payments, so why not take the hassle out of saving and set up a regular automatic transfer? Eventually you may not even miss the money and your savings will have built up without you even noticing!

How to make a voluntary (after-tax) contribution

Internet banking (EFT)	
BSB	(01 + first 4 digits of Member Number)
Account Number	(Last 9 digits of Member Number)
Account Name	Your name
Lodgement Ref	CUSTOMER DEPOSIT

Government co-contributions

If you work and earn less than $31,920 p.a. the Government matches your personal voluntary contributions, up to a maximum of $1,000. The Government will also make a contribution for people earning between $31,920 and $61,920 p.a., with the amount contributed being adjusted depending on the level of income earned and the amount of voluntary contributions.

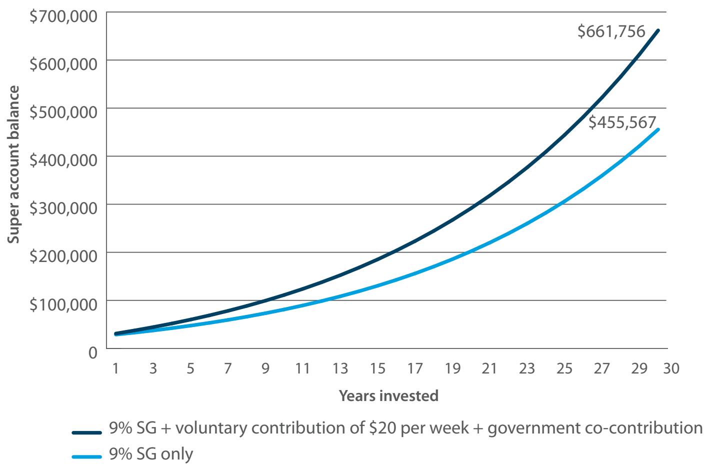
ANZ Superannuation Savings Account is unable to accept government co-contributions. However, if a member has made a personal contribution to the Fund and is eligible for a government co-contribution, they may direct the co-contribution to another superannuation fund. A member's entitlement will be assessed by the Australian Taxation Office upon completion of their income tax return.

Emma would like to give her super a boost

Emma is a 35 year old mother with a partner and two young children who balances running the house with a part-time job. After taking time out of the workforce to raise the children, Emma is looking to boost her super balance and wants to contribute an additional $20 per week. Let's see how that $20 a week can help Emma in the long run.

- Emma earns $25,000 p.a. (indexed at 3% p.a.) from her part-time job.
- She receives 9% Superannuation Guarantee (SG) based on her salary.
- Her super balance is $25,000.
- She is able to contribute $20 per week from her salary (after tax) which totals $1,040 p.a.
- She receives the government co-contribution paid at a rate of $1 for every $1 she contributes, up to $1,000.

The graph below shows that over 30 years, Emma's strategy of contributing $20 per week plus the government co-contribution could make a significant difference to her super balance compared with relying solely on the 9% SG (assumes 7% net return after fees).



If you want more information on these strategies, speak to your financial adviser.

Salary sacrifice

Another option you could consider is salary sacrificing. Recent industry research has shown that most Australians would be willing to save an additional $20 a week but only a small proportion are taking advantage of the benefits of salary sacrificing.* By going back to saving basics (see page 6), finding that spare $20 and putting it to good use may be easier than you think.

Salary sacrificing is an arrangement with your employer where you 'sacrifice' part of your future salary in return for an equal increase in your super contributions. As the contribution is deducted from your salary before income tax is calculated, salary sacrificing can reduce the amount of tax you pay.

Salary sacrifice contributions form part of your concessional contributions. If you're under age 50 as at the end of the financial year, there's an annual concessional contributions cap of $25,000. So to maximise this tax concession, make sure your concessional contributions cap is not exceeded (see page 13 for more details).

If you're aged 50 or over as at the end of the financial year, the annual concessional contributions cap is increased to $50,000 until 30 June 2012 (please see page 13 for further details). This can be a great way to give your final balance a real lift as you close in on retirement.

The case study and graph to the right show how salary sacrifice can work and your financial adviser can help you determine if this strategy is appropriate for you.

It is important to note that salary sacrifice contributions are counted in the income test for government income support and government co-contribution.

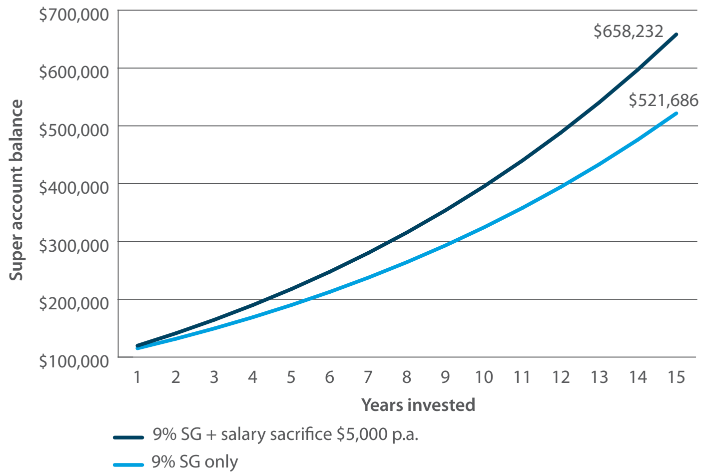
* 'Australians willing to salary sacrifice', Super Review 24 February 2011, www.superreview.com.au

Peter is planning for his retirement

Peter is 50 years old and single and his kids have just finished high school, so he is now looking to redirect money into his super account. He has decided to sacrifice $5,000 of his salary each year into his super account. Let's see how this strategy could pay off for Peter.

- Peter's working full-time earning $80,000 p.a. (indexed at 3% p.a.).
- His super balance is $100,000.
- He can salary sacrifice $5,000 p.a. (indexed at 3% p.a.).
- He is receiving 9% Superannuation Guarantee (SG) based on his salary before a salary sacrifice strategy is put in place.

The graph below shows that over 15 years, Peter's salary sacrifice strategy could make a real difference to his retirement compared with relying on his 9% SG (assumes 7% net returns after fees).



To set up a salary sacrifice arrangement, talk to your employer. Before putting a salary sacrifice arrangement in place, speak to your financial adviser to make sure it suits your personal circumstances.

An easier ride to a comfortable retirement

The path to retirement might seem long and the destination far away, but keeping your finances in order now, no matter your age, could make all the difference later.

Super is about saving for your future and helping you achieve a more comfortable retirement. We are here to help you on your journey and by keeping just one super account with us for life, it could save you valuable time and money down the track. Here are some simple ideas that are a great starting point.

Having one super account makes sense

If you've had more than one job, chances are that you have more than one super account. In fact, most people have an average of three super accounts.*

Did you know that Australians are paying more than $1 billion a year in fees just by having multiple super accounts?* If you have more than one super account the additional fees you could be paying are eating away at your savings, and that's less money you'll have to spend in your retirement.

Bringing your super accounts together – also known as consolidating – is an easy way that you could reduce fees. It's also easier for you to keep an eye on how you are tracking towards your retirement savings goals. It's important to speak to your financial adviser about any super strategies you are considering to ensure that you understand how consolidation could work for you.

Finding your lost super is free, and easy

We all take our own path in life. Yours may include changing your job, name or address and as a result it is possible that you may have some lost super. Thankfully, finding and reclaiming your lost super is easy. Head to www.ato.gov.au/superseeker and follow the steps.

Even if you change jobs you can take your ANZ Superannuation Savings Account with you

Each year it is estimated that one in six people change jobs.* Rather than asking their new employer to direct their super to their current super account, their new employer often sets up a new super account. Your ANZ Superannuation Savings Account has been designed to stay with you throughout your life, no matter how many times you change jobs.

Contributing to your future now could make you more comfortable later

This edition of Member Update presents useful information on the different ways of contributing and why it's important to think about it no matter what stage you are in life, even if retirement seems a long way off. Turn to page 7 for more details.

* 'Consolidation of Super Accounts' Report, Rice Warner Actuaries - November 2008.

Are you aged 50 years or over?

Did you know that if you are 50 years of age or over as at the end of the financial year, you can take advantage of the transitional contributions cap? This means that regardless of your current super balance, you can make an additional contribution to your super of up to $25,000 on top of the standard $25,000 contributions cap. It is proposed that from 1 July 2012, the higher cap for those 50 years of age or over will be limited to those whose super account balance is $500,000 or less (see page 14 for more details).

Act now to take advantage of the higher transitional contributions cap. See page 13 for more details and talk to your financial adviser.

To learn more about how to make yours a more comfortable retirement, speak to your financial adviser.

Win a $10,000 ANZ Visa debit card or a Vespa scooter*

Go in the draw for a chance to win by simply:

- **Consolidating your super** – complete the Easy Transfer Service form enclosed or visit anz.com/personal > Investments & advice > Superannuation and retirement > ANZ Superannuation Savings Account to download and provide certified ID.
- **Implementing a super strategy such as salary sacrifice** – talk to your employer to set up a salary sacrifice arrangement and speak to your financial adviser to see if it suits your needs.
- **Making a non-concessional (after-tax) contribution of $1,000 or more** using the contribution instructions on page seven.
- **Choosing your ANZ Superannuation Savings Account when you change jobs** by giving your new employer the enclosed Standard Choice form when you change jobs.

If you choose, consolidate or contribute $1,000 or more into your ANZ Superannuation Savings Account before 29 June 2012, you will go in the draw to win a $10,000 ANZ Visa debit card or a Vespa scooter.*

* Terms and conditions apply and are available at onepath.com.au/competitions. Competition commences 1 August 2011 and closes 29 June 2012. The promoter is OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673). Authorised under NSW Permit No. LTPS/11/04508, ACT Permit No. TP11/02022, Victorian Permit No. 11/1058 and SA Licence No. T11/1028.

You've come a long way, Baby

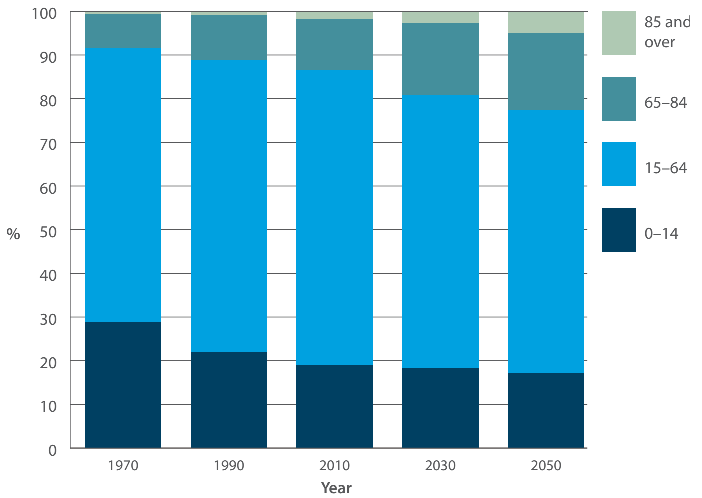
As the first of the 'Baby Boomer' generation reach retirement age, we take a look at some strategies to give your super a final boost.

Less conservative and frugal than their predecessors (the 'Builders'), Boomers were the first to embrace credit in building their wealth.*

Born between 1946-1964*, Boomers were some of the most affected by the fallout of the Global Financial Crisis (GFC). With less time to recover losses, many will either be working longer or retiring on less than they had hoped.

The graph below shows that over the coming years, Australia will undergo a dramatic social and demographic shift as a significant proportion of the workforce transitions into retirement.†

The Australian population by age group



Source: Australian Bureau of Statistics cat No.3105.0.65.001(2008) and the 2010 Intergenerational Report.

This shift will bring new pressure on the Government and on the remaining workforce. With so many people retiring, there will be added pressure on services such as health care and pensions. Given that the majority of people rely partially or fully on the Age Pension to survive, this pressure will be huge.†

To make things more difficult, the ratio of traditional working-age people to people over 65 will fall from 5:1 to 2.7:1 by 2049-50.† Put simply, that means less workers paying taxes that will provide these essential government services to the increased amount of elderly people in society.

With all this in mind, it is important for Australians of all ages to continue to save and make additional contributions to their super.

We can put you in touch with a financial adviser. Call us today on 13 38 63 to find out more.

Strategies for Boomers

For Boomers approaching retirement, there are a couple of strategies you can use to give your super balance a final boost.

For those aged 50 years or over as at the end of the financial year, your concessional contributions cap is $50,000 until 30 June 2012 (see page 13 for details). If the mortgage is paid off and the kids are out of your hair, this could be a good time to consider salary sacrificing. Talk to your financial adviser about whether it will benefit you.

If you or your partner have surplus disposable income or have received a large lump sum, you could consider making a non-concessional contribution. By 'bringing forward' two years of non-concessional contributions, you can add up to $450,000 into your super savings.

Everyone's path is unique and that's why we believe in the value of quality financial advice. Talk to your financial adviser about whether these strategies are suitable for you.

Whatever your long-term savings goal is, ANZ and your financial adviser are here to help you.

* 'The Generations Defined Sociologically' McCrindle Research www.mccrindle.com.au
† Intergenerational Report 2010, Australian Government Treasury www.treasury.gov.au

What are concessional contributions?

Generally, these are employer contributions and personal contributions for which you intend to claim a tax deduction. Employer contributions include Superannuation Guarantee (SG) contributions and contributions made under a salary sacrifice arrangement and also include employer paid fees and premiums. These contributions are taxed at 15% as they enter the fund, which is often referred to as contributions tax. Concessional contributions are sometimes called before-tax contributions.

What are non-concessional contributions?

These are sometimes referred to as after-tax contributions. Generally, these are contributions the super fund does not pay tax on because you have paid tax already, for example, personal contributions that you do not claim as a tax deduction.

Know your limits – a reminder about contributions caps

Did you know that caps apply to contributions made to your super in a financial year? How much tax you might have to pay if you exceed these contributions caps varies depending on the type of contribution. To ensure you avoid paying extra tax on amounts that exceed the caps, it's vital that you monitor your contributions.

Here is a quick summary of the current contributions caps.

	Concessional cap*	Transitional concessional cap†	Non-concessional cap
	$25,000	$50,000	$150,000
Tax on amounts over the cap	31.5% (in addition to the 15% contributions tax)	31.5% (in addition to the 15% contributions tax)	46.5%
Other information	Any concessional contributions in excess of the cap will also count towards your non-concessional contributions cap.	Any concessional contributions in excess of the cap will also count towards your non-concessional contributions cap.	If you are under age 65 at any time during the financial year, you may be able to 'bring forward' two years of contributions, but certain conditions apply. This effectively allows you to contribute up to $450,000 at once, or over three financial years.

* The $25,000 concessional cap (indexed to average weekly ordinary time earnings (AWOTE) and rounded down to the nearest multiple of $5,000).

† The transitional concessional contributions cap is for those who are aged 50 years or over as at the end of the financial year, and is available until 30 June 2012 and is not indexed. It is proposed that from 1 July 2012, those 50 years of age or over as at the end of the financial year and have a total super balance of less than $500,000 will be able to contribute $25,000 more than the standard contribution amount of $25,000 (this has not yet been legislated).

What happens if you exceed the caps?

If you exceed the caps the Australian Taxation Office (ATO) will write to you to let you know when you have exceeded the limit and you will be responsible for paying any excess contributions tax.

Payment options for excess contributions tax on concessional contributions

If you exceed the concessional contributions cap there are a number of ways to pay your excess contributions tax:

- Pay the tax yourself without drawing on your super.
- Pay the tax yourself using a Voluntary Release Authority form to ask your super fund to release the money to you.
- Use the Voluntary Release Authority form to instruct your fund to pay the money to the ATO on your behalf.
- Pay using a combination of these options.

Payment method for excess contributions tax on non-concessional contributions

If you exceed the non-concessional contributions cap the ATO will send you a Compulsory Release Authority which you must use to authorise the release of the tax amount from your fund.

For more information please visit www.ato.gov.au/supercaps

Federal Budget and other updates

On 10 May 2011, Treasurer Wayne Swan delivered his fourth Federal Budget which included a number of announcements on super.

Key Budget changes to super

The announcements in this update are proposals unless stated otherwise. These proposals need to successfully pass through Parliament before becoming law and may be subject to further changes during this process.

Higher super cap for anyone aged 50 or over

The Government has proposed that from 1 July 2012, a higher concessional contributions cap will apply for individuals aged 50 or over who have a total super balance of less than $500,000. The higher cap will be set at $25,000 above the standard concessional cap ($25,000 for 2011/12).

Details of this measure, including calculation and administration of the $500,000 super balance, are still being determined.

For the financial year starting 1 July 2011, a transitional contributions cap of $50,000 currently applies for all individuals aged 50 or over, irrespective of their super balance.

One-off option to refund excess concessional contributions

From 1 July 2011 individuals who breach the concessional contributions cap by up to $10,000 (not indexed) have the option of requesting that these excess contributions be refunded to them and taxed at their marginal rate instead of incurring excess contributions tax.

This option is only available for the first breach commencing from 1 July 2011, and will assist individuals who mistakenly breach the concessional contributions cap for the first time.

Co-contribution income thresholds freeze extended

The Government will continue the freeze on the co-contribution income thresholds for an additional year to 2012/13.

The lower income threshold (at which the co-contribution begins to reduce) remains at $31,920 and the higher income threshold (at which the co-contribution cuts off) remains at $61,920.

Minimum pension levels for 2011/12

During the last three years, the minimum annual drawdown amount of account-based pensions, allocated pensions and income streams has been set at 50% of the ‘standard rate’. This was due to the impact of the Global Financial Crisis.

For the 2011/12 financial year the standard minimum annual drawdown rates will be reduced by 25%. The standard rate will apply from the 2012/13 financial year. Legislation has now been passed for this measure.

Employer super contributions on employee payslips

The Government proposes to ensure that employees receive information on their payslips regarding the amount of employer contributions paid to their super fund. This will assist employees to keep track of whether their employer has met their SG obligations.

Other updates

Increased age limit for Superannuation Guarantee (SG)

The Government is proposing to increase the age limit for eligibility of SG from age 70 to 75 from 1 July 2013. This means that SG contributions can continue until age 75.

Flood and cyclone levy

The Federal Government has introduced a temporary levy to help flood and cyclone affected communities recover and rebuild essential infrastructure.

If you are under age 60, it is important to be aware that any income payments or super lump sum benefits you receive in the 2011/12 year while under the age of 60 may be subject to the temporary flood and cyclone levy of up to 1% of your taxable income above $50,000.

Personal deductible contributions

The Australian Taxation Office (ATO) has indicated that in certain situations, where partial withdrawals or rollovers have been made, a tax deduction for personal contributions will only be allowed on a proportional basis. Generally, the measure affects contributions made on or after 1 July 2011 which are claimed as tax deductions after a partial withdrawal or rollover has occurred. Claiming a tax deduction before a partial withdrawal or rollover may help you to obtain a higher deduction.

The proportioning will **not** impact you if:

- you have not made any withdrawals from your super account before submitting your deduction notice or
- you submit the deduction notice prior to making a partial withdrawal from your super account.

The proportioning will impact you if:

- you submit your deduction notice after withdrawing/rolling over a portion of your super account. The amount of personal contributions that you can claim will not be equal to the full amount of the contribution made.

For further information, refer to the ATO on 13 28 61 or at www.ato.gov.au

For further information contact your tax or financial adviser.

Important information regarding your ANZ Superannuation Savings Account

Reminders

Are your details up to date?

It is important that we always have your current details on record so that we can keep you informed about your super investment and pay any benefits directly to you. Check your enclosed Annual Statement and let us know if anything has changed or has not been reported accurately e.g. address details – both postal and residential, beneficiaries, insurance benefits, TFN etc.

To update your details, please contact Customer Services on 13 38 63.

If two items of written communication to you are returned to us as unclaimed mail from your last known address, we will classify you as a lost member and report this to the Australian Taxation Office (ATO).

Lost member accounts

The Government requires super funds to transfer lost member accounts to the ATO as unclaimed monies from 1 July 2010. Lost member accounts are those where the account is lost and the balance is less than $200 or where the account is lost and inactive for a period of five years and we do not hold records that enable us to identify the member to pay a benefit.

Account holders who have had benefits transferred to the ATO will still be able to reclaim their money from the ATO at any time.

Contact us

Customer Services

13 38 63 weekdays between 8.30am and 6.30pm (EST)

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.

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This information is current as at August 2011 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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A2891/0811