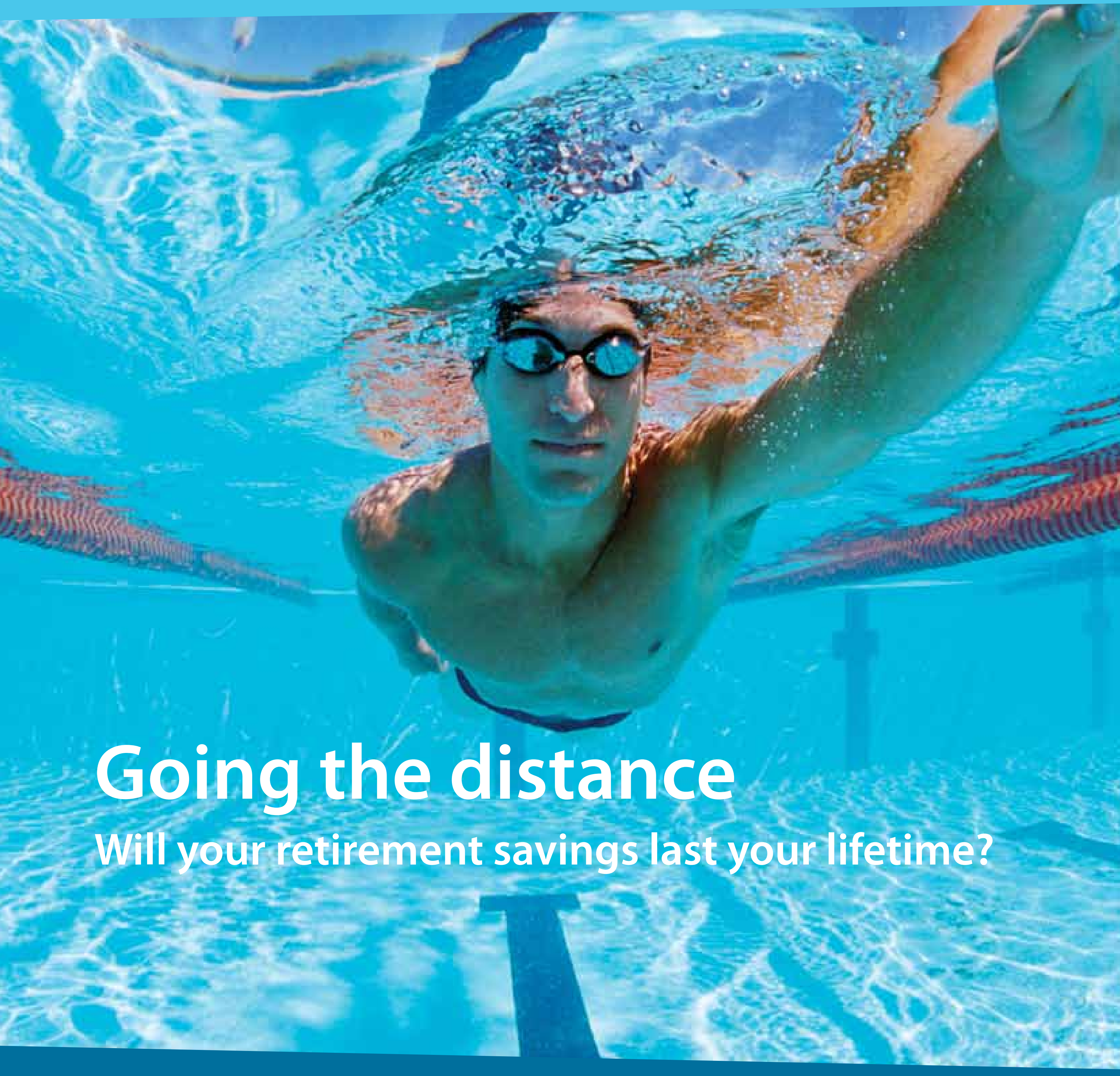
The Super Advantage

MAGAZINE FOR ANZ SUPER ADVANTAGE MEMBERS | 1 JULY 2009 TO 30 JUNE 2010



Going the distance

Will your retirement savings last your lifetime?

ANZ

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 Super Advantage. 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 available at anz.com > Investments & advice > Resources. You can also elect to receive a hard copy free of charge by calling Customer Services on 13 38 63.

Welcome to The Super Advantage

Welcome to your end of financial year The Super Advantage magazine.

Superannuation in the spotlight

There has been much talk recently about the superannuation and retirement income industries, with a number of reports being drafted and submitted to the Government, including the 'Cooper' and 'Henry' reviews.

The Cooper Review is an inquiry into Australia's superannuation system and its ability to meet the retirement income needs of our ageing population, now and into the future. The Henry Tax Review was established to conduct a comprehensive review of Australia's tax system and create a tax structure that positions Australia to deal with the demographic, social, economic and environmental challenges of the 21st century.

The Government responded to the Henry Tax Review on 2 May this year with a number of measures that, if adopted, may result in significant changes to superannuation. The proposed changes highlight the importance of superannuation as a retirement savings vehicle. Further details are available on page 12.

One of the key areas the Government is hoping to address through these reviews is the increasing risk of Australians outliving their retirement savings. In this edition of the Super Advantage magazine we look at this serious issue and what you can do now to help ensure you have enough to fund a comfortable retirement.

Supporting you and your investment

Super is likely to be one of your main sources of income in retirement, therefore it's important to take control of your super savings now. On page 8 we look at five simple steps that may make a significant difference to the lifestyle you're able to lead in retirement.

An update on ING Australia's new brand

As I mentioned in the last edition of the magazine, ANZ acquired 100% ownership of ING Australia in late 2009. ING Australia is now ANZ's Australian specialist wealth management and protection business.

Since then ING Australia has continued to operate under the ING brand but I am pleased to announce that in the coming months we will launch the new name and brand. ING Australia has been helping Australians grow and protect their wealth for over 130 years, and while the brand is changing you can be assured that our customers remain the key focus.

As the new brand takes shape we look forward to continuing to provide you with the solutions, services and support to meet your superannuation needs, now and into the future.

Yours sincerely

Ross Bowden
General Manager
Superannuation & Investments

A new direction for ING Australia

On 30 November 2009 ANZ Banking Group Limited purchased a 100% shareholding in ING Australia. ING Australia is now ANZ's Australian specialist wealth management and protection business.

Following the acquisition, it was decided that ING Australia will operate under a distinct new name and brand, which is currently being developed. In the meantime, ING Australia will continue to use the ING brand under licence while they transition to the new brand.

This change signals an exciting new era for ING Australia and ANZ. As the new brand develops over the coming months we will keep you updated via our website anz.com

ANZ Super Advantage is highly rated

2010/11 The Heron Partnership Quality Star Rating

Chant West Multi-Manager 5 RATING ™

SELECTING SUPER QUALITY RATING AAA

The Heron Partnership, 'Heron 5 Quality Star Rating' 2010/11, Chant West rating of 5 apples for ING's OptiMix Manage the Manager process and Selecting Super Quality Rating of AAA. For more information visit www.heronpartners.com.au www.chantwest.com.au and www.selectingsuper.com.au

Economic insights – working through the cycle

With Stewart Brentnall, Chief Investment Officer, Superannuation & Investments, ING Australia.

Where is the Australian economy currently at in the cycle?

The story of Goldilocks springs to mind when thinking about the Australian economy. Remember how she ate the porridge that belonged to the baby bear that was 'not too hot, not too cold'? In my view that would describe the current state of the domestic economy well. Australia did not suffer too badly from the Global Financial Crisis (GFC) and has recovered well, with consumption and business investment improving following an effective stimulus package. In contrast to most of the rest of the world, the Reserve Bank of Australia (RBA) has raised interest rates a number of times and may continue to do so. Australia appears to be well into the recovery part of its economic cycle.

Will the recent pace of economic recovery in Australia continue?

We believe that the domestic economy should grow modestly from here, with unemployment continuing to fall, spare capacity being used up but not too quickly, and only modest inflation ensuing. Business and consumer sentiment (usually important leading indicators of further growth) are high, and growth is decent across Australia, although the mining-dominated states of Queensland and Western Australia are strongest. We are mindful of the comments from Glenn Stevens (Governor of the RBA) indicating that too much impact from low interest rates has gone into the housing market, creating a possible bubble, but we feel that current interest rates (and possible further tightening) will moderate this.

Is China facing the risk of overheating?

The reference to 'a bull in a china shop', implying that things get broken through overactivity, may be quite apt here. Chinese growth has rebounded tremendously aggressively and quickly. From its low of around 3% after the GFC, more recently China grew at more than 11% for the quarter to 31 March 2010, although this has moderated in the second quarter as the nation's rapid expansion has begun to cool. Combined with rising inflation and anecdotal evidence of a massive surplus of buyers for new releases of apartments in large cities, there is some evidence to suggest that China may be growing too quickly.

That said, Chinese bureaucrats have shown that management of the economy has improved greatly in recent years and we expect that, although there may be some surprises along the way, we should not see a boom-bust scenario in China. Stimulus is being removed from the economy and specific measures are being undertaken to help cool down the housing market.

How are other key regions around the world tracking?

This question is probably best answered by distinguishing between the USA, where early signs of recovery are being seen, and Europe and Japan where they are less visible.

In the USA unemployment has peaked, investment spending and hiring is improving, and housing appears to be picking up, having hit rock bottom. We are still waiting for stronger signs of new job growth and growth in lending to small and medium sized companies, the engine room of so many economies, to return.

In profile – Stewart Brentnall

Chief Investment Officer, Superannuation & Investments, ING Australia

Stewart brings over 20 years of investment experience to his new role at ING Australia. He has previously held senior investment roles at a number of major Australian and global financial services companies where he managed Australian and global equity portfolios as well as multi-manager and diversified funds.

Stewart's focus is on the development of new investment products and the creation of innovative and competitive investment solutions to meet our customers' needs.

Europe and Japan are less positive stories. Europe and the UK in particular, are areas where growth has not yet strongly returned, and unemployment has risen above 10% with limited signs of improvement from these levels. Government debt levels have rocketed as efforts were made to stimulate economies and buy large proportions of non-performing domestic bank sectors. This has left a nasty hangover of high unemployment, lower consumption and high levels of gearing that will not be easy to get rid of. We are seeing the impacts that high government debt is having in some Mediterranean countries and are concerned of flow-on effects into other developing and possibly larger countries. In response to this, the Euro and Pound have both weakened substantially over the past year.

Do you see global sharemarkets rising throughout the remainder of 2010?

With a known set of economic parameters and forecasts, it would be nice if there was a predictable link to sharemarkets. However, there is not, as there are always surprises of one sort or another around the corner. Fortunately these can be positive as well as negative and at the moment we feel there is a lot of negative news 'in the market' and that there may be room for positive surprise.

The impact on companies' profits from building inventory in anticipation of higher consumption, as well as continued government stimulus and low interest rates around the world will, we think, support further advances in equity markets – especially in the USA, emerging markets, Asia Pacific and Australia. We think investor sentiment is still quite fragile and that market improvements may not be in a straight line. Rather, they may conform to a gradual 'up the stairs' pattern, with an occasional and rapid, but smaller 'down in the lift' setback, like the one we saw in May this year.

What is your outlook for various major asset classes?

Ideally, one would like to be able to invest in equities while economies recovered and markets went up, retreating to the sanctuary of cash when markets and economies slowed or fell. However, this would require us to be either psychic or to have divine foresight.

On balance, we think that the outlook for corporate profits is strong in Australia and to a smaller extent overseas, and that valuations are fair but not stretched.

Bonds are more of a mixed bag. So much effort (and public money) has gone into keeping interest rates low, at the expense of government bonds. On the other hand, corporate bonds, in particular domestic corporate bonds, are performing well, with yields remaining high in a difficult borrowing environment.

The outlook for property is a harder one to call, but we need to bear in mind that property prices have increased as a result of enticingly low interest rates and this may have an impact on the sector.

In summary, what are some of the big themes you see playing out over the next twelve months?

I think there are four major themes to be considered over the next year:

1. Recovery in consumer demand and small business hiring and investment which should see the core of many economies return to better levels of health.

2. A stabilisation of interest rate levels which have been very low for too long – partly as a forced element of global recovery stimulus measures.

3. A reduction in government and, in some regions, household debt to more sensible and stable levels.

4. Sovereign debt levels in Europe will continue to weigh on peoples' minds, but we feel this will be gradually dealt with through a variety of policy measures.

Let's hope for this outcome – where Goldilocks ('not too hot, not too cold') will triumph.

Going the distance

Will your retirement savings last your lifetime?

Have you ever wondered whether you'll have enough for retirement? Well, you're not alone. Many retirees don't have enough to fund a comfortable retirement and risk that their savings won't last their lifetime.

The Government and superannuation industry have conducted a number of reviews and studies to identify improvements they can make to regulation to encourage people to save more for their retirement. Unfortunately, many Australians do not act until it is too late and as a result can fall short of their retirement savings goals.

How much is enough?

How much you need to fund a comfortable retirement depends on a number of factors. These factors include your desired retirement lifestyle, number of dependants and ongoing living and medical expenses.

Approximately 60% of pre-retirement income is often used as a guide for how much an average income earner may need in retirement each year.

The Association of Superannuation Funds of Australia (ASFA) estimates that a single pensioner who owns their own home requires $39,159 p.a. to support a comfortable retirement ($53,565 p.a. for a couple).* This means being able to afford gifts, occasional meals out and holidays from time to time – hardly a lavish lifestyle. To achieve an annual pension of this amount for a single pensioner requires approximately $540,000 in savings at age 65.†

Unfortunately, many retirees may find they need to depend on the Government if they don't plan early to save additional funds for retirement. The Government Age Pension of $18,228 p.a.‡ falls far below the estimated comfortable retirement amount.

Why are we falling short?

There are a number of factors which influence why retirees may not have enough to fund a comfortable retirement:

- **Increased life expectancy** – This is the risk that you will out-live your savings. Over the past century, life expectancy at birth has increased by 24 years.§ The likelihood of spending 30 years or more in retirement is increasing, so many people may spend almost as much time in retirement as they did in the workforce.
- **Contributions** – Many people do not contribute enough to their superannuation or they start contributing much later in life. This often affects low to mid income earners and anyone who has ever worked part time or taken a career break.
- **Investment risk** – Different investments carry different levels of risk and expected return. Markets continuously experience volatility. It is important to invest according to your risk tolerance and time horizon to help ensure you meet your goals. Learn more about ANZ's range of investment funds at anz.com/wealth/super or speak to your financial adviser.

So what's the solution?

A number of solutions have been proposed in recent superannuation industry reviews in order to boost retirement savings. Essentially, these solutions relate to tax and retirement framework changes to encourage more employer and/or member contributions and to make super easier to manage.

Contribute more

At the end of the day, one of the most effective methods of boosting retirement savings is to contribute more to super and there are a variety of ways you can contribute. The earlier contributions can be made, the greater the potential for growth to take effect. That is, generating earnings on previous earnings.

Take control now

There are a range of effective strategies within and outside of super which could help you reach your financial goals. See page 8 to find out how you can take control of your super and help ensure you're better placed for a comfortable retirement. There may be options available to you, and your financial adviser is best placed to help you explore options suitable to your personal situation.

How do you want to live in retirement?

A comfortable retirement means maintaining a standard of living to which you are accustomed. This may include going on holidays, owning a nice car, opting for private health insurance, updating your wardrobe, purchasing gifts for friends and family, and buying household and electronic goods.†

Remember, over the course of your retirement (which could be over 30 years) there may be added expenses outside of the day to day that you may not have budgeted for, such as household repairs or costs associated with your health.

* ASFA Retirement Living Standard, March 2010.
† Based on ASFA Retirement Living Standard, March 2010. Based on a single person, retirement at age 65, female life expectancy, owns their own home when they retire. Assumes 8% p.a. return is reinvested. Regular payment is made annually at end of year and is indexed by 3% p.a. Calculations do not take into account any tax payable or Age Pension and are in today's dollars.
‡ Maximum Government Age Pension for a single pensioner at 20 March 2010.
§ Deaths 2008, Australian Bureau of Statistics, November 2009.

The superannuation gender gap

It's an unfortunate fact that a typical woman is estimated to save 35% less for her retirement than the average man.[‖] This can be because women are more likely to take career breaks or work part time when they start a family or care for a loved one.

Women also tend to still be paid less than their male counterparts and they generally live longer than men. And with increasing divorce rates women are often left without adequate retirement savings if they had been relying on their partner's super (even with super splitting on relationship breakdowns).

The issue of the retirement gender gap is being addressed by the recent government and industry reviews, with a number of proposals to assist women to save more for their retirement. We'll keep you up to date with any developments as they occur.

So what can you do?

- It's especially important for women to get their super set up properly as early as possible. Consider the tips on page 8 which can help you take control of your super.
- If taking maternity leave or working part time, you and your partner may wish to contribute to your super to give it an extra boost. You may also be eligible for the government co-contribution. Learn more at anz.com
- Be responsible for your future. This applies whether you're male or female. Keep track of what your super is doing and where it is.
- Learn as much as you can about your investments, which include your super.

  To access information sheets specifically designed to assist women to build their money skills visit www.understandingmoney.gov.au > Women understanding money

  Take a look at the suggestions on page 8 or speak to your financial adviser.

Learn more about super at anz.com

‖ Superannuation Savings Gap for Women, prepared for IFSA by RiceWarner, March 2010.

Set up your super

Take control of your super with these simple steps and hit an ace in retirement.

Super is likely to be one of your main sources of income in retirement. However, many of us simply aren't aware of the options, or just haven't taken action. Get in the game with these five simple steps. Your financial adviser can help tailor a solution to suit your needs.

1. Consolidate your super accounts – If you've had more than one job, chances are you have more than one super account. Over time, that can mean you're paying multiple fees, dealing with unnecessary paperwork from several super fund providers and you may even lose track of an account.

Roll your other funds into your ANZ Super Advantage account and get your money working harder for you. Simply complete and return the enclosed Rollover Form with your certified proof of identity to consolidate your accounts.

Take your ANZ Super Advantage account with you

Remember you can take your ANZ Super Advantage account with you when you change jobs to continue to receive the great benefits and avoid creating duplicate accounts. Simply complete a Fund Nomination Form available at anz.com/wealth/super and provide it to your employer.

2. Contribute to your super* – Contributing even a little bit extra to your super today can make a significant difference to your retirement savings. Contributing a fixed amount at regular intervals rather than a lump sum is an easy way to set your super up for retirement and can lower the risk of investing at the wrong time.

Your employer may allow you to salary sacrifice pre-tax dollars into your super or you can make contributions from your take home pay using BPAY® or Internet banking (EFT). You may even be eligible for a co-contribution boost from the government.

® Registered to BPAY® Pty Ltd ABN 69 079 137 518.

3. Choose how your super is invested – Did you know that ANZ Super Advantage offers over 55 investment funds you can choose from? Ensure your super is invested according to your risk/return tolerance and financial plan. That way you should be in a better position to meet your financial goals. Your financial adviser can help make sure your investment continues to meet your needs or go online and switch between investment funds. Visit anz.com/wealth/super

Game, set, match – Win $5,000

If you choose, consolidate or contribute into your ANZ Super Advantage account you will go into the draw to win $5,000 in cash.†

4. Nominate your beneficiaries – Thinking about what will happen to your investments or estate after you pass away is never easy. However, it's important to keep your beneficiary details up to date to help ensure your super is distributed according to your wishes following your death. You can make either a binding or non-binding nomination. Refer to the ANZ Super Advantage Product Disclosure Statement (PDS) to learn more about the types of nomination you can make.

Your current nominated beneficiaries, if any, are shown on your Annual Statement. To update them, visit anz.com/wealth/super and download the Nomination of Beneficiary Form.

5. Provide your tax file number (TFN) – If we don't have your TFN, you could be paying an extra 31.5% tax to the Australian Taxation Office (ATO) or missing out on the government co-contribution if you're eligible. Check your Annual Statement to confirm if we have your TFN. If not, you can supply your TFN simply by visiting anz.com/wealth/super

Speak to your financial adviser to learn more about any of the tips mentioned above or other tax effective strategies that might suit you.

How do you contribute more to your super now?

You can make regular or one-off after-tax contributions‡ via BPAY® or Internet banking (EFT) using the details below:

BPAY

Biller code	564 625
Reference No.	13 + customer reference number

Internet banking

BSB	012 911
Account No.	000 564 625
Reference No.	MV + member number
Account name	Your name

* Contributions caps apply.
† Terms and conditions apply and are available at www.ing.com.au/wincash. Competition closes 31 December 2010. The promoter is ING Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673). Authorised under NSW Permit No. LTPS/09/11126 and ACT TP09/04765.
‡ For a listing of other contribution codes that may be used, please refer to the ANZ Super Advantage PDS Member Guide, available at anz.com/wealth/super

On the home stretch

Planning for a long and comfortable retirement

As you get closer to retirement there are a number of things you need to start thinking about in order to make sure you're in a position to enjoy your desired lifestyle. Below are a few tips to help get you started.

Approaching retirement?

There are a number of strategies you can utilise to boost your super as you approach retirement.

If you're between age 55 and 65, you may benefit from a **transition to retirement (TTR)** strategy which can allow you to cut back work hours while supplementing your income, with a TTR pension from your super. You can also use a TTR pension, in conjunction with a salary sacrifice arrangement, to boost your retirement savings or increase your disposable income even if you decide not to reduce your work hours.

Making additional contributions to super can be an effective way of giving your retirement savings a boost. Keep in mind the contributions caps which limit how much you and your employer can contribute to your super before any additional tax is charged:

- Concessional contributions – those aged 50 and over have a transitional concessional contributions cap of $50,000 p.a. until 30 June 2012. This includes your employer's compulsory superannuation guarantee (SG) or employer paid fees or insurance premiums and any salary sacrifice arrangements or personal deductible contributions you may make. The cap for those under age 50 is only $25,000 (indexed), so this extension can give you a real boost in the lead-up to retirement. The transitional cap of $50,000 for those aged 50 and over ends on 30 June 2012. However, the Government has proposed a permanent cap of $50,000 p.a. (indexed) for those aged 50 and over with balances under $500,000 from 1 July 2012.
- Non-concessional contributions – you can make non-concessional contributions of up to $150,000 p.a. (indexed) into your super or, if you're under age 65 at any time during the financial year, larger contributions can be made by bringing forward two years of contributions caps. Non-concessional contributions generally include personal contributions for which no tax deduction has been claimed (after-tax contributions) and spouse contributions.

Convenience in retirement

Consider how you want to access your retirement savings. The thought of drawing your entire super as a lump sum at age 60 might be tempting, however your retirement may need to last over 30 years.

An account-based pension (for example ANZ's OneAnswer Pension) can help ensure your savings last throughout your retirement. A regular income is paid from your pension account until your account balance is exhausted. Your money continues to be invested while you are drawing your income so it is still subject to market movements – both good and bad – depending on the asset classes you're invested in.

ANZ's OneAnswer Pension is a leading retirement income solution* which allows you to smoothly transition to retirement and benefit from a tax-effective income solution. You can invest in over 70 investment funds whilst drawing a regular income. And, if you open an ANZ Prime Cash Management Account you can access your pension conveniently via ATM, EFTPOS, ANZ phone and EFT, and ANZ branches.

Looking for guaranteed income in retirement?

How would you feel if you didn't have to worry about your retirement income running out? MoneyForLife is a multi-award winning retirement income solution† that gives you a guaranteed level of retirement income for life, no matter how long you live or how the markets perform.

- Retirement income is guaranteed for life.
- Income can go up, but is guaranteed not to go down with the markets.
- Access your investment at any time, if needed.

MoneyForLife investment funds can be accessed exclusively through ANZ OneAnswer Personal Super and ANZ OneAnswer Pension.

Speak to your financial adviser or visit anz.com/wealth/super to learn more about your options to achieve a secure and comfortable retirement and how to access ANZ OneAnswer Pension and MoneyForLife investment funds.

* Chant West, '5 apples' in the Pensions category 2010 ratings, The Heron Partnership, 'Heron 5 Quality Star Rating' 2010.

† Money Magazine 'Best of the best', 'Best Innovative Super Product' 2010, Plan For Life and the Association of Financial Advisers, 'Retirement Income Innovation Award' 2009.

Choose the investment funds that suit you

Did you know that with ANZ Super Advantage you can choose from over 55 different investment funds?

These cover an extensive range of fund managers, asset classes and investment styles. The funds can also have inbuilt diversification across asset classes or fund managers, for example the OptiMix range of funds, or invest in specific targeted asset types, for example ING Cash.

You and your adviser can choose up to a maximum of 8 investment funds in which to invest your super according to your risk/return tolerance and financial goals.

To make an investment switch, speak to your financial adviser or login to anz.com/wealth/super

Remember to speak to your financial adviser before making any investment changes to ensure your choice continues to meet your long-term financial goals.

The OptiMix solution

OptiMix is a multi-manager research and investment solution. The OptiMix investment process is based on the principle that broad diversification of investments can actively reduce fluctuations and provide consistent strong returns over time. In order to try and achieve this consistency in returns, OptiMix funds are diversified across a range of specialist investment managers – all within the one fund.

The OptiMix range of funds aims to help you:

- achieve strong consistent returns
- access multiple levels of diversification
- gain exposure to the world's leading investment managers.

Read the ASA Investment Choice Guide available at anz.com/wealth/super to learn more about the investment funds offered through ANZ Super Advantage.

Super returns – fact or fiction?

Ever wondered how the performance of your super fund is stacking up?

There is often a perception that industry funds always outperform offerings from Australia's banks, insurance companies and investment managers (often known as retail funds or mastertrusts), but recent data demonstrates otherwise.

The latest superannuation performance figures released from the Australian Prudential Regulation Authority (APRA) reveal that retail funds are returning on average nearly 21% over the year to March 2010, while industry funds have returned 16%.*

Much of this outperformance can be attributed to retail funds having exposure to different asset classes that are in turn valued differently.

It is always important to work closely with your financial adviser to fully understand how your super is positioned for returns, and not just rely on glossy advertisements.

To learn more about the latest investment performance and market news, visit anz.com or speak to your financial adviser.

* APRA Quarterly Superannuation Performance, March 2010.

A winning partnership with your financial adviser

Just like an elite athlete uses a coach to enhance their performance, your financial adviser has the knowledge, training and experience to help you make important decisions and secure your financial future.

Advisers specialise in dealing with financial questions every day so they can explain how different strategies might work for you, taking into account your personal circumstances and goals. Understanding the laws and technical information that may apply to specific strategies can take a lot of time. Your adviser will take into consideration the rules and regulations affecting your money and assess how various strategies fit your needs and preferences.

Maintaining an ongoing relationship with your financial adviser is the best way to ensure that your financial plan is up to date and reflects your changing circumstances.

A good financial plan can help you:

- build your wealth
- protect your wealth
- make debt work for you
- have the money you need to achieve a comfortable retirement
- invest tax-effectively.

Be proactive with your super and investments – it might be one of your main sources of income one day.

Speak to your financial adviser if you have any concerns about meeting your retirement savings goals or to discuss the solutions available to you in retirement.

If you do not already have a financial adviser, simply call 1800 305 058 and we will assist you to find one.

Changes to Australia's superannuation system – what will it mean for you?

Our super system has been under the microscope lately. This may result in some changes. Below we look at two Government reviews and what the outcomes might mean for your superannuation savings.

The Super System Review

Our current system of compulsory super, introduced in 1992, has served Australians well and is highly regarded worldwide. However, with Australia's changing demographics, such as an ageing and growing population, the Government recognises that our superannuation system needs to be well positioned to meet our retirement income needs, now and into the future.

The Government announced a review of the governance, structure and efficiency of Australia's superannuation system, widely referred to as the Cooper Review, after its chair Jeremy Cooper. This review has been undertaken in three phases. ING Australia has been supportive of this important initiative and we have provided input to all three phases.

The Cooper Review issued its final report on 5 July. Key recommendations include proposals to improve the operations and efficiencies of the super system. For example, the review panel would like to enable members to easily consolidate their multiple super accounts, prevent super from becoming lost and ensure that tax file numbers are always provided to super funds by employers to avoid members paying higher taxes. These proposals would obviously benefit members.

A further benefit of an efficient superannuation system is lower costs. This can be achieved, for instance, by better use of modern technology and ecommerce, so different bodies like the ATO and multiple super funds can interact more effectively and by electronic means.

Cooper has also made other recommendations affecting different parts of our super system, especially with his proposal for a basic superannuation product, and in relation to making financial advice more widely available and accessible.

The next step is for the Government to respond to the Review's recommendations, which will also need to be approved by Parliament.

Tax reform and what it means for you

On 2 May 2010 the Federal Government released the Henry Review on Australia's Future Tax System, along with the Government's response to it.

The recommendations made by the Henry Review included a move to ensure a more stable tax framework for superannuation to help secure more comfortable retirement incomes for Australians. However, the Government has so far adopted only a small number of Henry recommendations and other items that are not recommended by Henry.

There are many uncertainties affecting the key superannuation measures announced by the Government such as the need for the measures to be legislated. The measures are briefly described below.

Superannuation Guarantee (SG) to rise to 12%

The Government has proposed its plan to increase the SG rate from 9% to 12% over time. The rate will be increased from 1 July 2013 to 1 July 2019, with increments of 0.25 percentage points in the first two years and 0.5 percentage points thereafter.

Year	Rate (%)	Increase (%)
2013/14	9.25	0.25
2014/15	9.50	0.25
2015/16	10.00	0.50
2016/17	10.50	0.50
2017/18	11.00	0.50
2018/19	11.50	0.50
2019/20	12.00	0.50

Federal Budget update – key changes to super

The Federal Budget for 2010/11, handed down 11 May, held no big surprises for super considering the Government's recent Henry Tax Review announcements.

It is important to note that the changes are proposals unless it is stated otherwise and need to successfully pass through Parliament before becoming law. They may be subject to further changes during this process.

Government co-contribution matching rate and income thresholds

The Government has passed legislation for the superannuation co-contribution matching rate and income thresholds.

The current co-contribution rate for eligible personal non-concessional (after-tax) contributions up to $1,000 will be permanently retained. The rate will remain at 100% and no longer increase to 125% in 2012/13 and 150% in 2014/15 as announced in the 2009/10 Federal Budget.

The co-contribution income thresholds will not be indexed for 2010/11 and 2011/12. The current lower threshold of $31,920 and upper threshold of $61,920 will be retained during these periods.

Discretion on excess contributions

The Government has proposed that the Commissioner of Taxation will have the power to exercise discretion for the purposes of excess contributions tax before an assessment is issued. The start date of this measure is from the 2010/11 income year.

Unclaimed super benefits

The Government has proposed to extend the reach of unclaimed superannuation administration by including benefits from State and Territory public sector funds. At present, only private sector superannuation funds transfer unclaimed super to the ATO. The start date of this measure is still to be advised.

Superannuation Guarantee age limit increased to 75

In a win for mature-aged workers, the Government also announced that it plans to increase the SG age limit from 70 to 75 from 1 July 2013, in the hope of providing an incentive for mature-aged workers to remain in the workforce.

Higher concessional contributions cap for those aged 50 or over

The transitional $50,000 concessional contributions cap for those aged 50 or over is proposed to be permanently adopted. However, in order to qualify for the higher cap (the lower cap being $25,000), an individual would need to have less than $500,000 in super.

The 'transitional' cap for those aged 50 or over is due to end on 1 July 2012. This would have meant that all individuals could have had the same concessional cap of $25,000 (or its indexed equivalent). The new proposal means the higher cap may remain in place beyond that date. This would enable eligible individuals to make higher pre-tax contributions later in their lives when they are more likely to have the ability to do so.

Concessions for low income earners – government super contribution

The Government has proposed a government-funded contribution of up to $500 p.a. for low income earners (less than $37,000 p.a.) from 1 July 2012. The Government would contribute 15% of concessional contributions (for example, employer compulsory SG) made by or for members up to the maximum of $500 (not indexed) into the individual's super account.

Concessional contributions made in 2012/13 would be eligible for the government contribution to be paid in 2013/14. Low income earners currently pay the same amount, or even more tax, within super (15%) compared to their income tax rate outside of super (0-15%). Effectively, this means low income earners would not pay tax on concessional contributions.

For further information about the Cooper Review visit www.supersystemreview.gov.au or for the Henry Tax Review visit www.futuretax.gov.au

Important information regarding your product

Below we outline any significant product and regulatory changes that may impact your superannuation. It is important to take the time to review these changes and understand what they may mean for you.

Insurance enhancements

Increase in the Interim Accident Cover period

Effective 8 November 2010, the Interim Accident Cover period for Death Only Cover, Death and Total and Permanent Disablement (TPD) Cover and Group Salary Continuance (GSC) Cover will be extended from 90 days to 180 days. The Interim Accident Cover period is the period when the member's application for cover is being assessed.

Additional information on cover under Automatic Acceptance

Eligibility for Automatic Acceptance under ANZ Super Advantage is not prejudiced by members having insurance cover that provides similar benefits. This means if a member was eligible to have, and has multiple accounts with insurance cover provided by ANZ Super Advantage, in the event of a claim we will pay the benefit applicable on each of the policies as long as the sum of benefits does not exceed the maximum benefit limits on each type of cover.

Fee information

Withdrawal Fee indexation

The Withdrawal Fee will be indexed in line with the Consumer Price Index (CPI) to $81.69 ($69.43 after tax) and will apply to any full or partial withdrawals processed from 1 July 2010. The Withdrawal Fee is indexed annually using the December year ended CPI rate from the previous year.

Correction

The Administration Fee commission is set at plan inception and is not negotiable as advised in the ANZ Super Advantage PDS Member and Employer guides.

Regulatory update

Change to accessing superannuation

To help ensure your super savings are used for retirement purposes, the Government has rules in place to restrict when your preserved superannuation benefits can be accessed. Legislation has been updated to include 'terminal medical condition' as a condition of release under which superannuation benefits may be accessed.

Terminal medical condition means that the following circumstances exist:

(a) two registered medical practitioners have certified, jointly or separately, that the person suffers from an illness, or has incurred an injury, that is likely to result in the death of the person within a certification period that ends not more than 12 months after the date of the certification

(b) at least one of the registered medical practitioners is a specialist practising in an area related to the illness or injury suffered by the person

(c) for each of the certificates, the certification period has not ended.

Other current arrangements remain in place.

A terminal medical condition payment to another superannuation or pension fund is not a rollover superannuation benefit and is assessed against the relevant contributions cap. The member should speak to their financial adviser for further information on terminal medical condition payments as consequences may apply.

Award Modernisation

Award Modernisation is an industrial relations reform process which came into effect on 1 January 2010. The Modern Awards specify a selected range of superannuation funds, one of which an employer must use as its default superannuation fund, where the employer plan was established after 12 September 2008.

The overwhelming majority of ANZ Super Advantage plans are able to continue as default super plans, however you should be aware of the possible implications of Modern Awards as outlined below.

The information and full-text Modern Awards on the Australian Industrial Relations Commission's website may also help you work out whether your workplace is impacted:
www.airc.gov.au/awardmod/fullbench/awards.htm

Many employers will not be bound by the Modern Awards in respect of employees to whom an enterprise agreement applies.

Product update

Your family members can join ANZ Super Advantage

From 8 November 2010 we will be allowing family members of existing ANZ Super Advantage members to join ANZ Super Advantage.

What does this mean to you?

As an existing member of ANZ Super Advantage, you can invite members of your family to join ANZ Super Advantage. To join as a family member, they must either be your husband, wife, de-facto, partner (same or opposite sex), son, daughter, stepchild, child of partner, step-parent, brother, sister, mother or father. There is no limit to the number of family members who can join!

How can family members join ANZ Super Advantage?

To join, family members will need to complete the Family Member Application – ANZ Super Advantage Personal form, which will be available in the forms section of the ANZ Super Advantage PDS Member Guide, that can be downloaded from anz.com/wealth/super

You should note that you will not be able to introduce a family member to ANZ Super Advantage once you have left your employer plan.

Family members will be subject to the fees applicable to the Entry Fee option. The Administration Fee will be calculated in accordance with their individual account balance. For the specific fees that apply, please refer to the Member Benefits Schedule that will be provided to the family member upon joining ANZ Super Advantage or contact Customer Services on 13 38 63 for information.

What insurance cover will be available to family members?

Family members in ANZ Super Advantage may apply for TPD Cover with ING Life, and premiums will be calculated in accordance with the ANZ Super Advantage Personal premium rates. Family members will need to complete an Insurance Application and Full Personal Health Statement, available from Customer Services on 13 38 63 or anz.com/wealth/super

Change to the minimum amount required for an investment switch

The minimum amount required for an investment switch has been reduced from $1000 to $250.

You can make an investment switch at any time by completing the Member Investment Choice Nomination Form available on www.anz.com/wealth/super or via Investor Access. If you are not currently registered for Investor Access, call Customer Services on 13 38 63 to register.

Currently there is no switching fee applicable, but transaction cost factors may apply when buying and selling investment fund assets and will depend upon the particular investment fund. Transaction costs include brokerage, stamp duty and costs incurred when buying and selling units in underlying investment funds.

Additional information

Lost member accounts

The Government requires superannuation 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.

If two items of written communication to you are returned to us as unclaimed mail from your last known address, or if you are in an employer plan and we have not received a contribution or rollover in the last five years, we will classify you as a lost member and report this to the ATO.

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

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 superannuation investment and pay any benefits directly to you. Check out your enclosed Annual Statement and let us know if anything has changed or has not been reported accurately, for example, address details – both postal and residential, beneficiaries, salary (where reported), salary sacrifice arrangements, insurance benefits, TFN etc.

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

If you are a lost member and have a balance of less than $1,000, your benefits may be transferred to an ERF four months after the end of the half-year period in which you were classified as lost.

Your Annual Statement – additional explanatory notes

Each year, we provide additional explanatory notes that are to be read together with your Annual Statement. These can be viewed at anz.com > Investments & advice > Resources.

Unpresented cheques

Cheques issued to members which remain unpresented may be paid as unclaimed money to the Office of State Revenue. Cheques payable to a rollover institution which remain unpresented will be paid to the ATO as unclaimed money or to an Eligible Rollover Fund.

Other information for Defined Benefit plans

Employer contributions

The Trustee will contact you separately if your employer is not contributing to your plan at the rate recommended by the plan's actuary and the difference is material.

Reserves

If your employer has a reserve account, it will be invested in accordance with the investment strategy nominated by the employer.

Solvency

The Trustee adopts a rigorous process for the monitoring and oversight of all Defined Benefit plans. This includes the relevant solvency measures, actuarial certificates and notifiable events. Where a Defined Benefit plan is found to be in an unsatisfactory financial position, the actuary and Trustee agree to implement a funding program with the relevant employer(s) to return the plan to a satisfactory financial position within a determined period.

In addition to the above process, regular Defined Benefit status reports are also provided to the regulator, the Australian Prudential Regulation Authority. The Trustee will advise you should there be any material items arising from its review of the solvency of your plan.

Reminders

Temporary incapacity

Temporary incapacity is one of the conditions of release under which preserved superannuation benefits may be accessed.

Temporary incapacity means the Trustee must be reasonably satisfied that you have, because of ill-health (whether physical or mental), temporarily ceased gainful employment but does not constitute permanent incapacity (conditions apply).

The benefit as a result of a temporary incapacity is paid as a non-commutable income stream (and not as a lump-sum payment).

The payments will be included in your assessable income and taxed at your marginal tax rate.

Incoming superannuation from the United Kingdom

The Fund has received qualifying recognised overseas pension scheme (QROPS) status from the United Kingdom (UK) regulatory authority, Her Majesty's Revenue & Customs (HMRC). Generally, QROPS status allows the transfer of UK benefits without UK taxes being applied. UK law and the requirements of the UK pension scheme regulator, HMRC, regulate a transfer from the UK. The laws and requirements continue to be relevant after the transfer takes place. After your pension monies are transferred, Australian taxes and other obligations, such as the reporting to HMRC of subsequent payments and rollovers, also apply. Accordingly, we recommend you seek professional advice from your financial adviser and/or taxation adviser before transferring money from a UK registered pension fund, or withdrawing money that has already been transferred.

Contributions that can be made

Investment type	How does it work?
Rollovers/ transfers	Any benefit transferred from another superannuation or rollover fund. ANZ Super Advantage allows you to rollover by completing the Rollover Form available at anz.com
Concessional contributions	
Employer SG contributions	Your employer is generally required under SG law to contribute a minimum of 9% of your salary (ordinary time earnings) into super (more may apply if you are covered under an award or employer agreement) at least every quarter.
Additional employer contributions	Your employer may have elected to make additional contributions for you, which they contribute along with SG.
Salary sacrifice contributions	Your employer may have agreed to your request to contribute to super instead of paying you that amount as salary. It may be referred to as an 'employer contribution'. There are benefits and limitations to be aware of with salary sacrifice arrangements.
Personal deductible contributions	If you do not earn income from employment or your income* from employment is less than 10% of your total income* you may be entitled to a tax deduction for your personal contributions to the fund.
Non-concessional contributions	
Personal contributions	You may decide to make regular or one-off contributions to your super from your take-home income, referred to as 'voluntary', 'post-tax' or 'non-concessional' contributions. You can contribute a lump sum or regular payments by BPAY, EFT, payroll deduction through your employer, cheque or direct debit.

Investment type	How does it work?
Government co-contribution	Where your income is less than $61,920 p.a. and if you make personal contributions to super you may have access to a government incentive of up to $1,000. The maximum co-contribution is $1,000 per year and reduces depending upon your income, and is deposited into your super account by the ATO, provided you have lodged your tax return (other conditions apply). The government matches your personal contributions, with up to $1 for every $1 you contribute, subject to the maximum of $1,000.
Spouse contributions	Your spouse or partner (same or opposite sex) may decide to contribute to your super account for your benefit. In this case, 'spouse' or 'partner' includes a person who, although not legally married to you, lives with you on a bona fide domestic basis as your wife, husband or same sex partner. It generally does not include a person who lives separately and apart from you on a permanent basis.
Directed termination payments	A directed termination payment is a transitional employment termination payment that an employee has directed his or her employer to rollover to a complying fund on his or her behalf. You should talk to your financial adviser in relation to any directed termination payments you wish to make.
Transfers from foreign super funds	You may decide to have foreign superannuation or pension benefits contributed to your superannuation account. Speak to Customer Services on 13 38 63 for more information on transfers from overseas superannuation funds.

* Income here means the total of assessable income, reportable fringe benefits and reportable employer superannuation contributions.

Update on half yearly statements

In line with our ongoing commitment to reducing our impact on the environment, we will no longer be issuing half yearly statements, which were mailed to you in February each year. However, you will continue to receive your Annual Statement after the end of the financial year.

Ongoing enhancements to our online facilities ensure that the most up to date information on your account is available to you when you need it, 24 hours a day, 7 days a week. This is a much faster and convenient way of accessing your information and is environmentally friendly too. You can also receive the latest information on your account by calling Customer Services on 13 38 63.

What online features are available?

ANZ Investor Access is a secure and easy to use online service. Using this service you can switch between investment funds and view and print the following information about your account:

- account balances and policy details
- transaction history
- statement of information
- progress of transactions.

How can you access details regarding your account?

To login to ANZ Investor Access simply visit anz.com/wealth/super, select the 'Investor Access' option on the top right hand side and click 'log on'.

If you are not registered for ANZ Investor Access you can register online at anz.com/wealth/super

If you have forgotten your password or are unsure whether you are registered for ANZ Investor Access, please contact us.

You can also call Customer Services on 13 38 63 between 8:00am and 8:00pm Monday to Friday (Sydney time) to check your account balance or request an up to date Transaction Statement to be mailed to you.

Investment fund changes

We regularly monitor the investment funds offered through ANZ Super Advantage.

To maintain the quality and diversity of the funds, we may make changes at any time, including:

- adding, closing or terminating an investment fund
- removing, replacing or adding a fund manager
- changing an investment fund's objective, investment strategy (including the benchmark), asset allocation, neutral position and range, currency strategy and the number of asset classes
- changing the rules that govern an investment fund (for example, changing fees, notice periods or withdrawal features).

In some cases we may make these changes without prior notice to you. Any changes will be considered in light of the potential positive or negative impact on members.

Fund managers can, over time, make changes to the funds they manage, including their investment approach, the type of assets the fund buys and redemption processes. Prior to making an investment or acquisition it's important you ensure that you have the most up to date information on the fund and any materially adverse changes or significant events that may affect your investment decision. If this information is material we will write to you, but please speak to your financial adviser and refer to our website at anz.com for the most up to date information.

Changes to investment funds

Changes to the investment funds below are effective now and are detailed on the following pages:

- ING Balanced
- ING Diversified Fixed Interest
- ING High Growth
- ING Managed Growth
- ING Select Leaders
- OptiMix Balanced
- OptiMix Conservative
- OptiMix Global Smaller Companies Shares
- OptiMix Growth
- OptiMix High Growth
- OptiMix Moderate
- BlackRock Scientific Australian Equity (formerly Barclays Global Investors Australian Shares)
- BlackRock Scientific Diversified Growth (formerly Barclays Global Investors Diversified Growth)
- BlackRock Scientific International Equity (formerly Barclays Global Investors International Shares)
- Capital International Global Equities (Hedged)
- Challenger Property (formerly Credit Suisse Property)
- Colonial First State Imputation
- Perpetual Australian Shares
- Perpetual Balanced Growth
- Perpetual Conservative Growth
- Perpetual International Shares
- Russell Balanced
- Russell Conservative
- Russell Diversified 50
- Russell Growth
- UBS Balanced
- UBS Defensive Investment
- Vanguard® Australian Shares Index
- Vanguard® International Shares Index
- Vanguard® International Shares Index (Hedged)
- Vanguard® Property Securities Index
- Zurich Investments Managed Growth (formerly Zurich Managed Growth).

ING Balanced

Confirmation of asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash	10	0–30
Diversified fixed interest	20	5–35
International fixed interest	10	0–20
Property securities	3	0–10
Global property securities	2	0–10
Australian shares*	33	20–50
International shares	20	5–35
Alternative assets (growth)	2	0–5
Alternative assets (defensive)	0	0–10

New footnote

* A portion of the assets in this asset class may be invested in a long/short strategy.

ING Diversified Fixed Interest

New investment objective

The fund aims to provide income and achieve returns (before fees, charges and taxes) that exceed the UBS Composite Bond Index (0+Yr), over periods of three years or more.

ING High Growth

Confirmation of asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash	0	0–5
Australian shares*	50	40–60
International shares†	50	40–60

† Total portfolio exposure to currency movements has a benchmark of 50%, with a range of 0–100%.

New footnote

* A portion of the assets in this asset class may be invested in a long/short strategy.

ING Managed Growth

Confirmation of asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash	3	0–30
Diversified fixed interest	15	0–30
International fixed interest	10	0–20
Property securities	6	2–18
Global property securities	4	0–10
Australian shares*	35	20–50
International shares	25	10–40
Alternative assets (growth)	2	0–5
Alternative assets (defensive)	0	0–10

New footnote

* A portion of the assets in this asset class may be invested in a long/short strategy.

ING Select Leaders

New investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the S&P/ASX 100 Accumulation Index by at least 4.5% p.a., over periods of five years or more.

OptiMix Balanced

New asset allocation* benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash and Australian fixed interest	13	9–30
Australian inflation linked bonds	0	0–9
International inflation linked bonds	5	0–9
International fixed interest	9	2–18
Australian property securities	6	0–12
International property securities	0	0–12
Australian shares	33	26–45
International shares	20	13–35
Global small companies shares	2	0–5
Global emerging markets shares	5	0–10
Alternative assets (growth)	4	0–8
Alternative assets (defensive)	3	0–5

* The maximum combined exposure to Australian and international property securities is 12%.

OptiMix Conservative

New asset allocation* benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash and Australian fixed interest	43	33–59
Australian inflation linked bonds	3	0–8
International inflation linked bonds	4	0–8
International fixed interest	12	6–32
Australian property securities	4	0–12
International property securities	0	0–12
Australian shares	14	5–25
International shares	10	5–20
Global small companies shares	2	0–5
Global emerging markets shares	2	0–5
Alternative assets (growth)	2	0–5
Alternative assets (defensive)	4	0–8

* The maximum combined exposure to Australian and international property securities is 12%.

OptiMix Global Smaller Companies Shares

New investment objective

The fund aims to achieve returns (before fees, charges and taxes) that exceed the MSCI Developed Smaller Companies ex-Australia index (A$ unhedged), over periods of five years or more.

OptiMix Growth

New asset allocation* benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash and Australian fixed interest	6	4–23
Australian inflation linked bonds	0	0–9
International inflation linked bonds	5	0–9
International fixed interest	6	1–14
Australian property securities	6	0–12
International property securities	0	0–12
Australian shares	41	20–50
International shares	22	10–35
Global small companies shares	2	0–5
Global emerging markets shares	6	0–10
Alternative assets (growth)	4	0–10
Alternative assets (defensive)	2	0–7

* The maximum combined exposure to Australian and international property securities is 12%.

OptiMix High Growth

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash	0	0–20
Australian shares	50	25–75
International shares	35	25–75
Global small companies shares	3	0–15
Global emerging markets shares	7	0–15
Alternative assets (growth)	5	0–10

OptiMix Moderate

New asset allocation* benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash and Australian fixed interest	25	15–42
Australian inflation linked bonds	3	2–8
International inflation linked bonds	3	0–5
International fixed interest	15	8–22
Australian property securities	5	0–12
International property securities	0	0–12
Australian shares	23	16–28
International shares	13	10–22
Global small companies shares	3	0–5
Global emerging markets shares	3	0–5
Alternative assets (growth)	3	0–5
Alternative assets (defensive)	4	0–8

* The maximum combined exposure to Australian and international property securities is 12%.

Changes to investment funds formerly managed by Barclays Global Investors (BGI)

Overview

On 2 December 2009, BlackRock, Inc. acquired BGI and changed the BGI investment fund names listed below to reflect the new company name.

The underlying funds into which the corresponding ING Australia investment funds invest have changed their names as per the below table.

Previous fund name	New fund name
Barclays Global Investors Diversified Growth	BlackRock Scientific Diversified Growth
Barclays Global Investors Australian Shares	BlackRock Scientific Australian Equity
Barclays Global Investors International Shares	BlackRock Scientific International Equity

The new naming convention

BlackRock has provided the following information regarding their new 'scientific' naming convention.

BlackRock Scientific refers to the range of active risk-controlled funds that they manage.

BlackRock's unique and innovative approach seeks to apply the discipline of science to the art of investing. Simply stated, scientific investing is a highly disciplined and systematic approach to active management that maximises skill, breadth and efficiency in portfolios to deliver superior and consistent risk and return outcomes to clients. BlackRock continues to transform quantitative active management through the passionate pursuit of scientific investing.

BlackRock Scientific Diversified Growth (formerly Barclays Global Investors Diversified Growth)

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash	7	0–15
Australian fixed interest	12	10–30
International fixed interest	4	0–10
Global inflation linked bonds	3	0–10
Australian shares	41	30–50
International shares (unhedged)	11	15–35
International shares (Hedged)	12	
Emerging markets shares	5	0–10
Global listed infrastructure (unhedged)	5	0–10

BlackRock Scientific International Equity (formerly Barclays Global Investors International Shares)

New investment strategy

The fund uses a combination of stock selection, country and currency allocation strategies. Active stock selection is conducted using investment processes specifically developed for a single global portfolio. Active country allocation and currency management decisions are implemented using a range of inputs to measure both the relative value across equity markets and the relative value across currency markets.

New fund manager information

BlackRock Investment Management (Australia) Limited

ABN 13 006 165 975

Established 1988

BlackRock Asset Management Australia Limited (formerly Barclays Global Investors Australia Limited)

ABN 33 001 804 566

Established 1996

Combined funds under management
AU$43.4 billion (as at 31 December 2009)

BlackRock is one of the world's pre-eminent asset management firms and a premier provider of global investment management, risk management and advisory services to institutional, intermediary and individual investors around the world. With more than $3.346 trillion* in assets under management, BlackRock offers a wide range of investment strategies and product structures to meet clients' needs. These include individual and institutional separate accounts, mutual funds and other pooled investment vehicles, and the industry-leading iShares®, Exchange Traded Funds (ETFs). Through BlackRock Solutions®, we offer risk management, strategic advisory and enterprise investment system services to a broad base of clients with portfolios totalling approximately US$7 trillion*. The firm employs more than 8,500 talented professionals in 24 countries around the world.

* Data is as of December 31, 2009, is subject to change, and is based on a pro forma estimate of assets under management at BlackRock, Inc. and BGI.

Capital International Global Equities (Hedged)

New fund manager information

Capital International Inc.

Established 1987

Funds under management
AU$39 billion (as at 31 December 2009)

WHTM Capital Management Limited (responsible entity)

ABN 29 082 494 362

Capital International is part of The Capital Group Companies, Inc., which was founded in 1931 and is one of the oldest and largest investment firms in the world. The Capital organisation has AUD$1,157 billion in US Funds AUM and AUD$158 billion in Global Institutional AUM (at 31 December 2009).

Capital International has appointed Pinnacle Investment Management Limited (Pinnacle) as the distributor of the funds to retail investors in Australia. Pinnacle is a distribution and business support company for the development of high quality investment businesses. Pinnacle is owned by its senior staff and Wilson HTM Investment Group.

Challenger Property (formerly Credit Suisse Property)

Overview

On 31 May 2010, Challenger Financial Services Group Limited acquired Credit Suisse Investments (Australia) Limited and appointed Challenger and new boutique manager Bentham Asset Management to manage some of its funds. As a result of this acquisition the Credit Suisse Property fund has been renamed Challenger Property.

New name

Challenger Property.

New investment objective

The fund aims to provide exposure primarily to listed property trusts for some tax-effective income and capital growth potential over the long-term. The fund aims to outperform (before taxes and Management Fees) the S&P/ASX 200 A-REIT Accumulation Index over the suggested time horizon.

New investment strategy

Challenger believes to add value to investment portfolios, a combination of top-down macroeconomic and bottom-up company specific research and analysis is required. Challenger's investment approach identifies the major trends in the economy, and looks at how these trends will influence financial and property markets. By analysing both global and domestic economic prospects, Challenger aims to position investment portfolios to take advantage of future economic developments.

New asset allocation ranges

Asset class	Range (%)
Property securities	80–100
Cash	0–20

Underlying fund: Challenger Professional Property Fund

Colonial First State Imputation

New investment strategy

Colonial First State's growth approach is based on the belief that, over the medium- to long-term, stock prices are driven by the ability of management to generate excess returns over their cost of capital in their chosen industry. The strategy of the fund is to generally invest in high quality companies with strong balance sheets and earnings. The strategy has an emphasis on companies paying higher dividend yields and some tax-effective income. The fund predominantly invests in Australian companies and therefore does not hedge currency risk.

Perpetual Australian Shares

New investment strategy

Perpetual researches companies of all sizes using consistent share selection criteria. Perpetual's priority is to select companies that represent the best investment quality and are appropriately priced. In determining investment quality, investments are carefully selected on the basis of four key investment criteria: conservative debt levels, sound management, quality business and in the case of industrial shares, recurring earnings. Derivatives may be used in managing the fund.*

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash	0	0–10
Australian shares†	100	90–100

New footnotes

* Derivatives may be used to adjust currency exposure (where appropriate), to hedge selected shares or securities against adverse movements in market prices, to gain short-term exposure to the market, to build positions in selected companies or issuers of securities as a short-term strategy to be reversed as the physical positions are built up and to create a short exposure to a stock for funds authorised to take net negative positions.

† The fund's investment universe allows it to invest, directly or indirectly, in stocks listed on sharemarket exchanges outside Australia. Exposure to stocks listed outside Australia is limited to 20%.

Perpetual Balanced Growth

New investment strategy

Perpetual invests in a diverse mix of assets (such as Australian shares, international shares, fixed income, property, enhanced cash and other investments)*. Tactical asset allocation strategies (using derivatives) may be applied to shares, fixed income and cash (the fund may adjust its exposure to these asset classes on a regular basis). Perpetual may outsource the investment management of one or more asset classes, in whole or in part, to external managers.

Currency hedges may be used from time to time.

Derivatives may be used in managing each asset class.†‡

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Enhanced cash§	10	0–30
Fixed income	15	5–35
Property	5	0–15
Australian shares‖	30	10–50
International shares#	30	10–50
Alternative assets*	10	0–30

New footnotes

* Perpetual may allocate up to 30% of the portfolio to other investments, which may include infrastructure, mortgages (including mezzanine mortgages) and alternative investments such as private equity, opportunistic property, hedge funds, specialist credit, commodities and diversified beta funds. The additional exposure to other investments enhances the fund's diversification and may help reduce volatility.

† Derivatives may be used to manage actual and anticipated interest rate and credit risk, currency risk and credit exposure. They may also be used for hedging, arbitrage, as a replacement for trading a physical security and for managing the duration of the fund.

‡ Derivatives may be used to adjust currency exposure (where appropriate), hedge selected shares or securities against adverse movements in market prices, gain exposure to relevant indices, gain short-term exposure to the market, build positions in selected companies or issuers of securities as a short-term strategy to be reversed as the physical positions are built up and/or create a short exposure to a stock for funds authorised to take net negative positions.

§ This fund may invest in enhanced cash funds that allow gearing.

‖ The fund gains its exposure to Australian shares by investing in an underlying Australian share fund which has an investment universe that allows it to invest in stocks listed or to be listed on share market exchanges outside Australia. Exposure to stocks outside of Australia is limited to 20%. The investment guidelines showing the fund's maximum investment in international shares do not include this potential additional exposure.

\# International shares may also include emerging market shares.

Perpetual Conservative Growth

New investment strategy

Perpetual invests in a diverse mix of assets (such as Australian shares, international shares, fixed income, property, enhanced cash and other investments)*. Tactical asset allocation strategies (using derivatives) may be applied to shares, fixed income and cash (the fund may adjust its exposure to these asset classes on a regular basis). Perpetual may outsource the investment management of one or more asset classes in whole or in part to external managers.

Currency hedges may be used from time to time.

Derivatives may be used in managing each asset class.†‡

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Enhanced cash§	25	15–45
Fixed income	40	25–55
Property	5	0–10
Australian shares‖	12.5	0–25
International shares#	12.5	0–20
Alternative assets*	5	0–30

New footnotes

* Perpetual may allocate up to 30% of the portfolio to other investments, which may include infrastructure, mortgages (including mezzanine mortgages) and alternative investments such as private equity, opportunistic property, hedge funds, specialist credit, commodities and diversified beta funds. The additional exposure to other investments enhances the fund's diversification and may help reduce volatility.

† Derivatives may be used to manage actual and anticipated interest rate and credit risk, currency risk and credit exposure. They may also be used for hedging, arbitrage, as a replacement for trading a physical security and for managing the duration of the fund.

‡ Derivatives may be used to adjust currency exposure (where appropriate), hedge selected shares or securities against adverse movements in market prices, gain exposure to relevant indices, gain short-term exposure to the market, build positions in selected companies or issuers of securities as a short-term strategy to be reversed as the physical positions are built up and/or create a short exposure to a stock for funds authorised to take net negative positions.

§ This fund may invest in enhanced cash funds that allow gearing.

‖ The fund gains its exposure to Australian shares by investing in an underlying Australian share fund which has an investment universe that allows it to invest in stocks listed or to be listed on sharemarket exchanges outside Australia. Exposure to stocks outside of Australia is limited to 20%. The investment guidelines showing the fund's maximum investment in international shares do not include this potential additional exposure.

\# International shares may also include emerging market shares.

Perpetual International Shares

New investment strategy

PI Investment Management Limited adopts a fundamental, bottom-up approach to stock selection focusing on quality companies (strong balance sheets, earnings visibility and competitive position) with attractive valuations within a global framework. Currency exposure may be hedged (using derivatives) up to 30% of the value of the fund. Derivatives may be used in managing the fund.*

New footnote

* Derivatives may be used to adjust currency exposure (where appropriate), hedge selected shares or securities against adverse movements in market prices, gain exposure to relevant indices, gain short-term exposure to the market, build positions in selected companies or issuers of securities as a short-term strategy to be reversed as the physical positions are built up and/or create a short exposure to a stock for funds authorised to take net negative positions.

Russell Balanced

New investment objective

To aim to provide investors with exposure to a diversified mix of predominantly growth orientated assets with moderate to high volatility and some defensive assets.

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Australian shares	31.5	21–41
International shares	27.5	19–39
Property	7.5	0–17
Fixed interest	26	18–38
Cash	4	0–12
Alternatives	3.5	0–13

Russell Conservative

New investment objective

To aim to provide investors with an exposure to a diversified mix of predominantly defensive assets and some growth orientated assets with low volatility.

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Australian shares	14	5–25
International shares	8.5	2–22
Property	6.5	0–13
Fixed interest	45	30–50
Cash	25	20–40
Alternatives	1	0–10

Russell Diversified 50

New investment objective

To aim to provide investors with an exposure to a diversified mix of defensive and growth orientated assets with some volatility.

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Australian shares	22	13–33
International shares	20	12–32
Property	7	0–15
Fixed interest	35	25–45
Cash	15	5–25
Alternatives	1	0–10

Russell Growth

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Australian shares	39.5	30–50
International shares	38	28–48
Property	9	0–19
Fixed interest	8.5	0–20
Cash	1.5	0–10
Alternatives	3.5	0–13

UBS Balanced

New minimum time horizon

3 years

UBS Defensive Investment

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash	20	0–50
Bonds	40	0–80
Property securities/REITs*	5†	0–20
Australian shares	15	0–40
International shares	10	0–40
Alternative strategies	10	0–40‡

* Real estate investment trusts.
† Based on a 2% neutral allocation to Global REITs.
‡ May exceed the upper limit of this range for extended periods due to market movements or significant cash flows.

Vanguard® Australian Shares Index

New investment objective

The fund seeks to match the return (income and capital appreciation) (before fees, charges and taxes) of the S&P/ASX 300 Accumulation Index.

New investment strategy

Vanguard employs an index management process, which allows index changes to be managed highly efficiently. The fund holds most of the shares in the index but allows individual share weightings to vary marginally from the index from time to time. The fund may invest in shares that have been or are expected to be included in the index. Futures may be used to gain market exposure without investing directly in securities. This allows Vanguard to maintain fund liquidity without being under-invested. Importantly, derivatives are not used to leverage the fund's portfolio.

Vanguard® International Shares Index

New investment objective

The fund seeks to match the return (income and capital appreciation) (before fees, charges and taxes) of the MSCI World ex-Australia Index (with net dividends reinvested) in Australian dollars.

New investment strategy

While maintaining the objective of closely tracking the index, Vanguard employs an index management process, which allows index changes to be managed highly efficiently. The fund holds most of the shares in the index but allows individual share weightings to vary marginally from the index from time to time. The fund may invest in shares that have been or are expected to be included in the index. Futures may be used to gain market exposure without investing directly in securities. This allows Vanguard to maintain fund liquidity without being underinvested. Importantly, derivatives are not used to leverage the fund's portfolio.

Vanguard® International Shares Index (Hedged)

New investment objective

The fund aims to match the return (income and capital appreciation) (before fees, charges and taxes) of the MSCI World ex-Australia Index (with net dividends reinvested), hedged to Australian dollars.

New investment strategy

The fund invests in the Vanguard International Shares Index Fund and forward foreign exchange contracts in order to meet its objectives. While maintaining the objective of closely tracking the index, the Vanguard International Shares Index Fund employs an index management process, which allows index changes to be managed highly efficiently. The Vanguard International Shares Index Fund holds most of the shares in the index but allows individual share weightings to vary marginally from the index from time to time.

The Vanguard International Shares Index Fund may invest in shares that have been or are expected to be included in the index. The fund uses forward foreign exchange contracts to offset depreciation and/or appreciation in the value of the securities resulting from fluctuation of the currencies in the countries where the securities are held. The net result for the fund is that the return (income and capital appreciation) is relatively unaffected by currency fluctuations. Futures may be used to gain market exposure without investing directly in securities. This allows Vanguard to maintain fund liquidity without being under-invested. Importantly, derivatives are not used to leverage the fund's portfolio.

New underlying fund

Vanguard® International Shares Index fund (Hedged).

Vanguard® Property Securities Index

New investment objective

The fund aims to match the return (income and capital appreciation) (before fees, charges and taxes) of the S&P/ASX 300 A-REIT Index.

New investment strategy

While maintaining the objective of closely tracking the index, the fund will hold all of the property securities in the index (at most times) allowing for individual security weightings to vary marginally from the index from time to time. The fund may invest in property securities that have been or are expected to be included in the index. Futures may be used to gain market exposure without investing directly in securities. This allows Vanguard to maintain fund liquidity without being under-invested. Importantly, derivatives are not used to leverage the fund's portfolio.

Zurich Investments Managed Growth (formerly Zurich Managed Growth)

New investment objective

To provide investors with capital growth over the medium- to long-term and a modest level of income. The fund aims to outperform the performance benchmark over a period of five years.

New investment strategy

The fund invests in a mix of Australian and international shares, fixed interest securities, property securities and cash. The fund is designed to reduce investment risk by diversifying across asset classes. The Zurich Investments Managed Growth Fund is managed with a multi-manager approach using strategic investment partners appointed by Zurich Investments, in line with its key principles of investing.

New asset allocation benchmarks and ranges

Asset class	Benchmark (%)	Range (%)
Cash	4	0–15
Fixed interest securities	24	4–55
Australian property securities	3	0–12
Global property securities	6	0–12
Australian shares	36	20–46
International shares	27	10–38

New minimum time horizon

5+ years

OptiMix investment manager changes

OptiMix's active approach to researching and monitoring investment managers is an integral part of the OptiMix investment process and ensures the optimal mix of investment managers are appointed to achieve the best outcome for investors. This active approach has resulted in a number of recent investment manager changes.

OptiMix Australian Shares manager change

Hyperion Asset Management Limited (Hyperion) has been appointed as a manager of the Australian equities portfolio effective March 2010.

Arnhem Investment Management (Arnhem) has been appointed as a manager of the Australian equities portfolio effective April 2010.

Funds impacted by the change:

- OptiMix Australian Shares
- OptiMix Balanced
- OptiMix Conservative
- OptiMix Geared Australian Shares
- OptiMix Growth
- OptiMix High Growth
- OptiMix Moderate.

OptiMix Global Fixed Income manager change

Wellington Management Company, LLP (Wellington) and Omega Global Investors Pty Ltd (Omega) have been appointed as managers of the global fixed income portfolio effective November 2009.

Funds impacted by the change:

- OptiMix Balanced
- OptiMix Conservative
- OptiMix Growth
- OptiMix Moderate.

OptiMix Global Inflation Linked Fixed Interest Bonds manager change

Crédit Agricole Asset Management Australia Limited (CAAM) has been appointed as a manager of the global inflation linked fixed interest bonds portfolio effective November 2009, and Sinopia Asset Management (Asia Pacific) Limited (Sinopia) has been removed.

Funds impacted by the change:

- OptiMix Balanced
- OptiMix Conservative
- OptiMix Growth
- OptiMix Moderate.

OptiMix Global Shares manager change

Aberdeen Asset Management Ltd. (Aberdeen), RealIndex Investments (RI) and Aurora Sandringham Global Earnings Trust (Aurora) have been appointed as managers of the global shares portfolio effective December 2009, and Franklin Templeton Investments, AllianceBernstein L.P. and Capital International Inc. have been removed.

Funds impacted by the change:

- OptiMix Balanced
- OptiMix Conservative
- OptiMix Global Shares
- OptiMix Growth
- OptiMix High Growth
- OptiMix Moderate.

OptiMix Global Smaller Companies manager change

Epoch Investment Partners, Inc. (Epoch) has been appointed as a manager of the global smaller companies portfolio effective December 2009, and AXA Rosenberg (AXA) has been removed.

Funds impacted by the change:

- OptiMix Balanced
- OptiMix Conservative
- OptiMix Global Smaller Companies Shares
- OptiMix Growth
- OptiMix High Growth
- OptiMix Moderate.

Closure of ING Protected Growth

The ING Protected Growth fund is closed to new investors. The closure of the fund means that new investors are unable to select or switch into this fund.

Suspension of ING Mortgages

ING Mortgages has been suspended until further notice. This means that currently no applications or switches are allowed for this fund. Withdrawals can be made under certain circumstances outlined at
anz.com > Investments & advice > Resources

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* Competition closes 2 March 2011. For full terms and conditions please visit www.ing.com.au/competitions. The promoter is ING Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673). Authorised under NSW permit No. LTPS/10/01414 and ACT TP10/00671. Normal call costs apply.

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