Smartsave

'Member's Choice' Superannuation Master Plan

Australian Ecumenical Super Fund Division

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDING 30 JUNE 2012

The Trustee and issuer of an interest in Smartsave 'Member's Choice' Superannuation Master Plan (ABN 43 905 581 638, Fund Registration No. R1001341) is:

Tidswell Financial Services Ltd
ABN 55 010 810 607
AFS Licence No. 237628
RSE Licence No. L0000888
50 Hindmarsh Square
Adelaide SA 5000

Telephone: (08) 8223 1676
Facsimile: (08) 8232 1675

The Promoter of Smartsave 'Member's Choice' Superannuation Master Plan is:
Group Insurance & Superannuation Concepts Pty Ltd
ABN 51 070 756 740
AFS Licence No. 245521
PO Box 137
Dromana VIC 3936

Telephone: (03) 5987 1423
Facsimile: (03) 5987 1423

Issue date: 8 November 2012

This Annual Report should be read in conjunction with your Annual Statement of Benefits. These documents should be read together because they constitute your periodic information for the financial year ending 30 June 2012.

Your Annual Statement of Benefits has been posted to you at your last known address and this Annual Report is available to you online at www.smartsavesuper.com. If you require a hard copy of this Annual Report, please contact Client Services on 1300 654 720.

...partners in securing your prosperity

Any reference in this Annual Report and your Annual Statement of Benefits to:

Adviser *means your financial adviser. For the purposes of this Annual Report we have assumed that you or your employer have appointed a financial adviser and that you have consented to that financial adviser being provided with access to your information. If you have not appointed a financial adviser please disregard any irrelevant references in this Annual Report and be assured that no information will be provided to a financial adviser without your consent. You should be aware that financial advisers are independent to the Trustee and the Trustee is not responsible for any information or services provided to you by your financial adviser.*

AESF *means the Australian Ecumenical Superannuation Fund division of the Plan.*

AESF Divisions *means the AESF Employer Division and AESF Personal Division.*

AESF Employer Division *or* ***AESF Employer Super*** *means the segment of AESF for employees of employers participating in the Australian Ecumenical Superannuation Fund division of the Plan.*

AESF Personal Division *or* ***AESF Personal Super*** *means the segment of AESF for personal members participating in the Australian Ecumenical Superannuation Fund division of the Plan.*

Client Services, Tranzact *or* ***Administrator*** *means Tranzact Superannuation Services Pty Ltd (ABN 33 056 524 522, AFS Licence No. 238385).*

Custodian *means Australian Executor Trustees Limited (ABN 84 007 869 794, AFS Licence No. 240023).*

Fund Manager *means the fund managers appointed by the Trustee for Smartsave from time to time.*

Insurer *means MLC Limited (ABN 90 000 000 402, AFS Licence No. 230694).*

PDS *means the current product disclosure statement for the relevant Smartsave Division of Smartsave including any incorporated by reference documents which are issued in respect to that PDS.*

Plan *or* ***Smartsave*** *means the Smartsave 'Member's Choice' Superannuation Master Plan.*

Promoter *or* ***GIS Concepts*** *means Group Insurance and Superannuation Concepts Pty Ltd (ABN 51 070 756 740, AFS Licence No. 245521).*

Scheme *means a segment of Smartsave specific to an employer or group of employers. Additional Scheme level information is provided in your Annual Statement of Benefits (where applicable).*

SIS Act *means the Superannuation Industry (Supervision) Act 1993 as amended from time to time.*

SIS Legislation *means the SIS Act and the SIS Regulations.*

SIS Regulations *means the Superannuation Industry (Supervision) Regulations as amended from time to time.*

Smartsave Divisions *means the Smartsave Employer Super, Smartsave Personal Super and Smart Pensions divisions of Smartsave.*

Trustee *means Tidswell Financial Services Ltd (ABN 55 010 810 607, AFS Licence No. 237628, RSE Licence No. L0000888).*

CONTENTS

For full details on how Smartsave works, including investing, fees, insurance and accessing your benefits, please refer to the PDS and any incorporated by reference documents.

These are available from your Adviser or can be downloaded from Smartsave's website at www.smartsavesuper.com.

INTRODUCTION

The Trustee is pleased to present its Annual Report to Smartsave – AESF Division members for the year ending 30 June 2012.

This Annual Report brings you up-to-date with Smartsave's operations during the 2011/12 financial year and provides information on the management, financial condition and investment performance of Smartsave. You should have received your Annual Statement of Benefits which provides details of your benefit entitlements as at 30 June 2012. This Annual Report and your Annual Statement of Benefits should be read in conjunction with each other because they form your periodic information for the year ending 30 June 2012.

This Annual Report provides information that is relevant to:

- all members of Smartsave; and
- the Smartsave AESF Division.

Scheme level information is provided in the Annual Statement of Benefits, along with details of your benefit entitlements as at 30 June 2012.

We hope you find this Annual Report informative. If you have any questions about this Annual Report, your benefits or about Smartsave, please contact the Promoter (contact details below), your Adviser or Client Services (contact details below).

The Promoter's contact details are as follows:

Group Insurance & Superannuation Concepts Pty Ltd
PO Box 137
DROMANA VIC 3936

Telephone (03) 5987 1423
Facsimile (03) 5987 1423
Website www.smartsavesuper.com

Client Services' contact details are as follows:

Administration Manager
Tranzact Superannuation Services Pty Ltd
PO Box 20314
World Square
SYDNEY NSW 2002

Telephone (02) 9236 5600
Toll free 1300 654 720
Facsimile (02) 9236 5699
E-mail smartsave@tranzact.com.au

You should be aware that none of the Trustee, Custodian, Promoter, Administrator, Insurer nor any of the stated Fund Managers nor any of their respective subsidiaries or their respective officers guarantees the capital invested by investors, the performance of the specific investments available or your account generally.

The Trustee

Tidswell Financial Services Ltd (ABN 55 010 810 607, AFS Licence No. 237628, RSE Licence No. L0000888) is the Trustee of Smartsave. The Trustee has been granted a Registrable Superannuation Entity (**RSE**) licence by the Australian Prudential Regulation Authority (**APRA**) which enables it to act as a trustee of a regulated superannuation fund. Smartsave is a regulated superannuation fund and the Trustee is responsible for ensuring that it is operated in accordance with Smartsave's trust deed and the relevant legislative requirements. The Trustee is also the issuer of this Annual Report.

The board of directors of the Trustee as at 30 June 2012 were:

Directors

Michael Terlet AO (appointed 19 April 1991)
Graham Duncan (appointed 30 September 1999)
Stephen Heath (appointed 14 May 1999)
Jeffrey Tidswell (appointed 11 May 1988)

Secretary

Jeffrey Tidswell (appointed 11 May 1988)

Compliance statement

The Trustee intends to operate Smartsave at all times as a regulated superannuation fund as that term is defined in the SIS Act. Compliance with the SIS Legislation entitles Smartsave to receive special tax treatment. The Trustee is unaware of any events that could jeopardise Smartsave's compliance status and has not had any penalties imposed on it under section 38A of the SIS Act.

The Trustee has taken out professional indemnity insurance to protect it from certain liabilities subject to the terms and conditions of the relevant insurance policy.

INVESTMENTS

Smartsave – AESF Division's investment strategy is aimed at offering a broad range of investment options to allow you to structure an investment portfolio that meets your long-term investment needs and risk tolerance for your superannuation in the context of your other investments. The investment options available to members participating in the Smartsave – AESF Division are as follows:

CASH
ENHANCED INCOME
BALANCED
GROWTH
PROPERTY SECURITIES
AUSTRALIAN EQUITIES
INTERNATIONAL EQUITIES

The investment profile, including the investment objective and strategy of each investment option relevant to the Smartsave – AESF Division, is set out in this Annual Report. The value of your investment is determined by reference to unit prices applicable to the investment option(s) that your account is invested in and the change in the unit price for each investment option represents the investment return for that investment option.

The assets for the investment options available through Smartsave – AESF Division are invested via a pooled superannuation trust, being the Australia First Member's Choice Pooled Superannuation Trust (**AFMC PST**) and not directly with a fund manager.

The Trustee of the AFMC PST is The Trust Company (Superannuation) Limited which receives remuneration in that capacity (on normal commercial terms). The Administrator of the Plan provides professional services in relation to the AFMC PST. Tranzact Superannuation Services Pty Limited receives remuneration for these services (on normal commercial terms) from The Trust Company (Superannuation) Limited, which is deducted from the AFMC PST.

INFORMATION ON THE INVESTMENT OPTIONS

This information below does not take into account your personal investment objectives, financial situation or particular needs. We recommend you seek professional financial advice from an appropriately licensed or authorised Adviser before making any investment decision. To assist you in reading the investment profiles, we have provided below an example of one investment option, with an explanation of the information provided. Information is shown as at 30 June 2012 (unless otherwise specified).

How to read the investment options

			How to read the investment options
Name of Product	**Cash Option**		This is the name of the investment option that will appear on reports and statements.
Investment Objective	To provide stable, low-risk returns in line with those available on wholesale on-call bank deposits.		Describes the goals of the investment option. Objectives are guidelines only and may not be met. They are not a promise or guarantee of any particular return or benefit.
Investment Strategy	To invest in high quality short- term debt securities such as bank and commercial bills and low-risk cash management trusts which provide a good yield and low fees		This outlines how the investment option is managed and where it invests to achieve its investment objective.
Suggested Minimum Timeframe	0 to 3 years		This describes the suggested minimum investment period. It is a guideline only. We recommend you regularly review the appropriateness of the timeframes to your needs with your financial adviser.
Risk/Return Profile	Low		This is a general assessment of the investment option's relative risk level and expected return based on historical performance of asset sectors in which the investment option invests. More information about risks is contained in the PDS.
Asset Allocation	**30/06/12(%)**	**30/06/11 (%)**	This provides information of the actual asset allocation of the investment option as at 30 June 2011 and 30 June 2012. Asset allocations can change from time to time, in accordance with applicable benchmarks, due to market movements and investment positions taken by the underlying fund manager(s).
Australian shares	0	0	
International shares	0	0	
Property	0	0	
Total growth assets	**0**	**0**	
Aust. fixed interest	0	0	
Int. fixed interest	0	0	
Cash*	100	100	
Total defensive assets	**100**	**100**	
5 Year Compound average annualised returns to 30 June 2012 (% pa):	**3.3%**		This shows the compound average annualised performance returns of the investment option for 5 years (or since inception) to 30 June 2012. **Past performance is not a reliable indicator of future performance.** 'Since inception' is defined as the period since the unit price was first struck. It is only shown if the investment option has less than 5 years of performance.
Annual rate of return for 12 months to 30 June (% pa):			This shows the annual rate of return for the investment option to each 30 June. More recent performance information is available from the Promoter's website, www.smartsavesuper.com.au. **Past performance is not a reliable indicator of future performance.**
2008	5.4%		
2009	3.4%		
2010	2.1%		
2011	2.7%		
2012	2.9%		

Investment returns are after payment of transaction costs, government charges, taxes and duties and charges relating to the management of investment of Plan assets. Other fees and costs apply, which have not been taken into account.

** The cash allocation is invested with an external fund manager in a cash management fund that preserves capital through prudent management of investments in prime quality, short-term money market securities.*

	Enhanced Income Option		Balanced Option	
Investment Objective	To provide a return that averages at least 0.5% p.a. ahead of the average fixed interest return from the broad market index.		To provide moderate to high returns by investing across all asset sectors, with generally a higher exposure to growth assets than Conservative Growth Funds.	
Investment Strategy	To invest in a diversified combination of direct fixed interest securities (including inflation linked bonds), together with selected managed funds that aim to actively manage bond portfolios, both in Australia and overseas. Any overseas fixed interest funds will be fully currency hedged.		The Option invests in a diversified range of asset classes with a modest bias towards growth assets such as Australian and international shares. The Option is designed to reduce overall portfolio risk by spreading the Option's investments across a number of specialist investment managers with complementary investment management styles.	
Suggested Minimum Timeframe	2 to 3 years or more		5 to 7 years	
Risk/Return Profile	Low/Medium		Medium/High	
Asset allocation	**30/06/12 (%)**	**30/06/11 (%)**	**30/06/12 (%)**	**30/06/11 (%)**
Australian shares	0	0	19.9	23.2
International shares	0	0	20.0	17.6
Property	0	0	4.8	4.8
Total growth assets	**0**	**0**	**44.7**	**45.6**
Aust. fixed interest	86.2	68.1	38.6	28.8
Int. fixed interest	9.0	27.5	4.8	11.2
Cash	4.8	4.4	12.0	14.4
Total defensive assets	**100**	**100**	**55.4**	**54.4**
5 Year Compound average annualised returns to 30 June 2012 (% pa):	**5.7%**		**1%**	
Annual rate of return for 12 months to 30 June (% pa):				
2008	4.0%		-6.8%	
2009	7.0%		-5.9%	
2010	4.6%		9.5%	
2011	2.6%		5.4%	
2012	10.5%		3.6%	

Investment returns are after payment of transaction costs, government charges, taxes and duties and charges relating to the management of investment of Plan assets. Other fees and costs apply, which have not been taken into account.

	Growth Option		**Property Securities Option**	
Investment Objective	To provide moderate to high returns over the long term by investing across all asset types, but with a higher weighting towards growth assets.		To provide moderate investment growth over the medium term by investing in property related securities.	
Investment Strategy	The Option invests in a diversified range of asset classes with a significant bias towards growth assets such as Australian and international shares. The Option is designed to reduce overall portfolio risk by spreading the Option's investments across a number of specialist investment managers with complementary investment management styles.		To provide access to the expected growth in the Australian property market through index funds (to use an enhanced index approach with investment made directly in the property securities that make up the Property Index).	
Suggested Minimum Timeframe	7 to 10 years		5 to 7 years	
Risk/Return Profile	High		High	
Asset allocation	**30/06/12 (%)**	**30/06/11 (%)**	**30/06/12 (%)**	**30/06/11 (%)**
Australian shares	30.3	38.4	0	0
International shares	30.2	34.2	0	0
Property	4.9	5.1	95.7	86.8
Total growth assets	**65.4**	**77.7**	**95.7**	**86.8**
Aust. fixed interest	24.6	10.6	0	0
Int. fixed interest	2.8	4.5	0	0
Cash	7.2	7.2	4.3	13.2
Total defensive assets	**34.6**	**22.3**	**4.3**	**13.2**
5 Year Compound average annualised returns to 30 June 2011 (% pa):	**-0.7%**		**-17.2%**	
Annual rate of return for 12 months to 30 June (% pa):				
2008	-9.9%		-41.8%	
2009	-10.5%		-51.5%	
2010	10.7%		19.1%	
2011	7.1%		4.5%	
2012	0.9%		10.6%	

Investment returns are after payment of transaction costs, government charges, taxes and duties and charges relating to the management of investment of Plan assets. Other fees and costs apply, which have not been taken into account.

	Australian Equities Option		International Equities Option	
Investment Objective	To provide high relative investment growth over the long term by investing in Australian shares.		To provide high relative investment growth over the long term by investing in international shares.	
Investment Strategy	To fully invest in the Australian Share Market using a combination of 50% active share management using specialist managers and 50% passive direct share investment. Within the active investment area a combination of style neutral managers is used to realise the deliberate manager style risk. Around 10% of the portfolio is placed with non-neutral style managers to take advantage of the market conditions that favour particular styles or market sectors.		To fully invest in the World Share Markets using a combination of active share management strategies using specialist managers and index funds. An active currency management strategy will also be used to manage exposure risks around a long-term strategic 50% currency hedging position. The active investment area uses a combination of style neutral managers along with a modest exposure to non-neutral style managers to take advantage of the market conditions that favour particular styles or market sectors.	
Suggested Minimum Timeframe	7 to 10 years		7 to 10 years	
Risk/Return Profile	Very High		Very High	
Asset allocation	**30/06/12 (%)**	**30/06/11 (%)**	**30/06/12 (%)**	**30/06/11 (%)**
Australian shares	97.1	86.6	0	0
International shares	0	0	96.3	93.3
Property	0	0	0	0
Total growth assets	**97.1**	**86.6**	**96.3**	**93.3**
Aust. fixed interest	0	0	0	0
Int. fixed interest	0	0	0	0
Cash	2.9	13.4	3.7	6.7
Total defensive assets	**2.9**	**13.4**	**3.7**	**6.7**
5 Year Compound average annualised returns to 30 June 2012 (% pa):	**-1.0%**		**-3.6%**	
Annual rate of return for 12 months to 30 June (% pa):				
2008	-9.4%		-17.2%	
2009	-13.2%		-14.0%	
2010	14.0%		10.3%	
2011	9.5%		7.5%	
2012	-3.2%		-1.3%	

Investment returns are after payment of transaction costs, government charges, taxes and duties and charges relating to the management of investment of Plan assets. Other fees and costs apply, which have not been taken into account.

PLAN INVESTMENTS

Set out below is certain information about Smartsave's investments as a whole.

Investments held representing more than 5% of Plan assets

At 30 June 2012, the following investment products each held 5% or more of Smartsave's assets.

Investment Product	Amount Invested	% of Plan Assets
Macquarie True Index Australian Fixed Interest Fund	$14,086,790	6.70%
UBS Cash Fund	$15,334,613	7.30%
van Eyk Blueprint Australian Shares Fund	$18,102,623	8.62%
van Eyk Blueprint Diversified Income Fund	$13,911,149	6.62%
van Eyk Blueprint International Shares Fund	$14,901,494	7.09%
Russell Diversified 50 Fund - Class A	$15,386,337	7.32%
AFMC PST - Sector Link Growth Unit	$12,113,552	5.77%

Investment in Derivatives

Derivatives are investments that derive their value from an underlying asset or asset class (for example, an option to purchase a share at a particular price sometime in the future).

The Trustee does not intend to directly invest in any futures, options or other similar investments. However, where applicable, the underlying fund managers may use such investments indirectly as a hedging device to help protect the value of assets against a significant decline in investment markets.

If you wish to obtain further information in respect of whether an underlying fund manager uses derivatives, you should refer to the relevant section in the PDS for the specific investment option. You can access this PDS on Smartsave's website (www.smartsavesuper.com) or you can contact Client Services on 1300 654 720 and request that a hard copy be sent to you via mail free of charge.

FINANCIAL SUMMARY

Set out below is an abridged version of Smartsave's unaudited Financial Statements for the year ended 30 June 2012.

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012		
Item	2012 (unaudited) $'000	2011 (audited) $'000
Assets		
Investments	196,974	211,136
Other assets	13,148	13,545
Total	**210,122**	**224,681**
Less Liabilities		
Income tax liabilities	376	170
Other liabilities	2,284	2,293
Total	**2,660**	**2,463**
Equals net assets available to pay benefits	207,462	222,218
Represented by liability for accrued benefits	207,462	222,218
Movement in Liability for Accrued Benefit		
Opening balance	222,218	225,390
Increase in accrued benefits	10,884	24,766
Benefits paid	25,640	27,938
Closing balance	207,462	222,218

SUMMARY OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2012		
Item	**2012 (unaudited) $'000**	**2011 (audited) $'000**
Revenue		
Gross investments income	171	14,455
Contributions and transfers from other funds	20,568	23,547
Other revenue	2,325	1,182
Total	**23,064**	**39,184**
Less Expenses		
Group life insurance premiums	4,168	5,945
General administration expenses	7,234	6,873
Income tax expense	778	1,600
Total	**12,180**	**14,418**
Equals benefits accrued as a result of operations	10,884	24,766

A copy of the full audited Financial Statements and auditor's report will be available on request to the Trustee via Client Services on 1300 654 720. It is expected that they will be available after 30 September 2012.

INTERNET ACCESS

Smartsave provides a comprehensive online superannuation and pension administration system specifically developed for access via the internet.

Smartsave's administration is run via the internet and your account details can be accessed using a web browser. The information is 'live'. This means that you can access up-dated material as it is input into the system. If you don't have internet access you can still access information by contacting your Adviser or Client Services on 1300 654 720.

ACCESSING YOUR DATA ONLINE

If you wish to access your information online observe the following steps:

1. You will need to have a valid email address
2. Using that email address, send an email to smartsave@tranzact.com.au requesting online access – ensure that you include your plan member number in the email subject line
3. A password will be system generated and sent to you by email at your email address
4. Access Smartsave's website at www.smartsavesuper.com and click on the icon, 'Member Login'
5. You will immediately be connected to the Smartsave online administration database
6. Type in your log-in details under the 'Login here' icon and this takes you to your 'home page', where all of your personal information is available to

Access to Plan Information

In addition to your own personal information, Smartsave's website provides a host of other material, ie

- *PDS & Incorporated by Reference Documents* – the latest PDS plus Guides for Member Information, Investment and Insurance;
- *Annual Report* – the current annual report plus all previous reports;
- *Investment Performance* – the current month's performance plus prior months back to February 2011;
- *Investment Profiles* – access to current factsheets for each investment option plus a link to the underlying fund manager PDS (where available);
- *Unit Pricing* – current unit price for each open investment option;
- *Insurance* – occupation guide, full personal health statement, underwriting questionnaires and the policy documents;
- *Forms* – copies of all administration forms including those inside and outside the PDS;
- *Illiquid Investments* – a statement setting out the current status of any investments options which are frozen or illiquid; and
- *Smartsave Online Library* – provides details of all Significant Event Notices issued since August 2007. The library will in future contain articles of interest for members.

Adviser Access to Information

Smartsave's administration system is also designed to support the relationship between you and your Adviser. Where you have consented, your Adviser will also have access to your Smartsave information. There are separate avenues for accessing Smartsave's administration system, which means that both you and your Adviser can be looking at the same 'live' information while discussing retirement planning options.

PLAN INFORMATION

Smartsave is a comprehensive superannuation arrangement that offers you a wide choice of contribution options. In addition, you can choose to have insurance cover for a range of death, terminal illness, total and permanent disablement and income protection benefits (depending on the Smartsave Division or Scheme you participate in). If you need any further information on these options, please contact your Adviser or Client Services on 1300 654 720 and refer to the PDS applicable to you.

Fees and Costs

For information about the fees and costs that impacted your investment for the year ending 30 June 2012, you should refer to your Annual Statement of Benefits and the PDS.

Member Protection

If at the end of a reporting period, the amount of your Smartsave account is less than $1,000 and the amount includes or has included contributions made by an employer in accordance with superannuation legislation (**Superannuation Guarantee Contributions**), a certified agreement or industrial award (**Mandated Employer Contributions**), then the amount of certain fees and costs that can be deducted directly from your account is limited by legislation. Generally, the maximum amount of the relevant fees and costs that can be deducted from your account is the amount of the earnings allocated to your account balance in the relevant reporting period. If the relevant fees and costs are higher than the earnings allocated to your account you will receive a rebate to the value of the excess amount for that reporting period (this will appear as a member protection rebate on your Annual Statement of Benefits).

Note: this protection does not extend to government charges, tax, insurance premiums and indirect fees deducted prior to the allocation of earnings to your account. Negative investment earnings can reduce your member's account even if your account is subject to member protection and, in certain circumstances, a $10 administration fee may be applied.

Contributions

Contributions can generally include:

- employer contributions, including salary sacrifice contributions;
- member contributions, including personal deductible contributions and personal (after-tax) contributions;
- Government co-contributions; and
- amounts that may be contributed by you for the benefit of your spouse that may qualify for the spouse contributions tax offset (provided the eligibility criteria in tax legislation is met – for more information, see page 15 of this Annual Report).

Contributions can generally be made in the following circumstances:

Your Age	Who can contribute
Under 65	You, your spouse[1], your employer and a third party.
At least 65 but under 70	You, your spouse, your employer and a third party, provided you meet the 'work test'[2]. If you do not meet the 'work test'[2] your employer can still make mandated employer contributions.[3]
At least 70 but under 75	You and your employer provided you meet the 'work test'[2]. If you do not meet the 'work test'[2] your employer can still make mandated employer contributions.[3] Note: Your employer is not required to make Superannuation Guarantee payments after you turn 70 but may do so if the payment relates to a period when you were under age 70.
Over 75	Your employer can make mandated employer contributions[3] on your behalf (excluding Superannuation Guarantee payments). Note: You and your employer can make other types of contributions provided you meet the 'work test'[2] and the contribution is received on or before the 28th day following the end of the month in which you tum 75.

[1] Your spouse includes a person (same or different sex) who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple. It generally does not include a person who lives separately and apart from you on a permanent basis.

[2] The 'work test' means you have been 'gainfully employed' for at least 40 hours during any period of 30 consecutive days in that financial year where 'gainfully employed' means you have been employed or self-employed for gain or reward In any business, trade, profession, vocation, calling, occupation or employment.

[3] A 'mandated employer contribution' is one which:

- *reduces an employer's potential liability for the Superannuation Guarantee charge;*
- *is a payment of a shortfall component; or*
- *is a contribution to satisfy the employer's obligation under an agreement certified, or an award made, on or after 1 July 1986 by an industrial authority.*

In certain situations you can also contribute other amounts such as certain employer termination payments (payable directly by an employer), certain disablement amounts on settlement of a disability claim (outside of superannuation), proceeds from the sale of small business assets and superannuation sourced from foreign superannuation funds. If you are going to receive any of these amounts or are considering payment of them into superannuation, we recommend you obtain expert financial and taxation advice.

If the Trustee does not hold your tax file number (**TFN**) it cannot accept member contributions by you or on your behalf. Smartsave cannot accept certain contributions received as a single lump sum which are in excess of the non-concessional contributions limit (see page 16 of this Annual Report for more information about this).

Where the Trustee becomes aware that contributions made to Smartsave do not comply with the legislative requirements, the Trustee cannot accept them and is required to refund contributions within 30 days (or as soon as reasonably possible). Any refund may be adjusted for permissible investment fluctuations, administrative and transaction costs and insurance premiums.

Government Co-contributions

Government co-contributions are made by the Government to the superannuation accounts of eligible low and middle income earners.

You will be eligible for the Government's co-contribution if:

- you make a personal super contribution from your after-tax income into Smartsave or another complying super fund or retirement savings account by 30 June (this does not include salary sacrifice contributions, personal tax deductible contributions, spouse contributions, or rolled over or transferred contributions);
- 10% or more of your income is from employment or similar eligible activity. Running a business or a combination of both (but for the purpose of determining the 10% rule, your income is not reduced by business deductions;
- you are less than 71 years old at the end of the year of income;
- you do not hold a disqualifying temporary resident visa at any time during the year (subject to specific exclusions: and
- you lodge your income tax return for the year in which you made the contributions.

In the 2011/2012 financial year, the maximum Government co-contribution of $1,000 was available if your total income was less than $31,920, which was the lower income threshold and you made a personal (after tax) contribution of $1,000 in 2011/2012. The amount of the Government co-contribution was reduced by 3.333 cents for each dollar over $31,920, gradually reducing to nil if you had earned $61,920.

In 2012/2013, the Government will continue to allow co-contributions, if you meet the conditions set out above. However, the rate of Government co-contributions will be on the basis of **50 cents for every dollar** you contribute, up to a maximum of $500. The threshold salary level remains at $31,920 or less, but if you earn more than $46,920, the Government co-contributions will cease.

Rollovers and Transfers

Amounts can also be rolled over or transferred into your account from other complying superannuation funds, approved deposit funds or retirement savings accounts.

Contributions splitting for Couples

Some contributions such as Superannuation Guarantee Contributions, salary sacrifice and personal tax deductible contributions (each termed **concessional contributions**) can be split between spouses. See page 16 of this Annual Report for more information about concessional contributions.

Please note that only 85% of concessional contributions may be split because contributions tax of 15% is applied to these contributions when they are paid into a superannuation fund. It is no longer possible to split non-concessional contributions including personal (after tax) contributions. The amount of concessional contributions which you split with your spouse also counts towards your concessional contributions cap (see page 16 of this Annual Report for more information about contributions caps).

You should also note that certain amounts in your account may not be split, such as benefits subject to a family law payment split or payment flags, rollovers from other funds or amounts used to start a pension. The Trustee also reserves the right to make whatever adjustments it considers necessary or appropriate to the amounts which are split.

Contributions made in the financial year prior to the financial year when the contributions splitting application is lodged can be split. You can also split contributions made in the year in which a transfer or rollover request is made. If you would like more information about contribution splitting, contact Client Services on 1300 654 720.

The transfer of a split amount to the spouse's superannuation account is not taxed as either a superannuation benefit nor as a superannuation contribution. However, it counts wholly as a taxable component for the spouse. This characterisation may impact the tax ultimately payable when a benefit is paid to the spouse.

Pension Benefits

Smartsave provides you with the opportunity to receive an income stream in your retirement or the transition period leading to retirement (in the form of an income stream known as a Transition to Retirement Pension). When you are receiving a pension from Smartsave, the Government places certain minimums on the amount that must be paid, based on the balance of your pension account at 1 July each year. Please note that the Government halved the standard minimum pension amount in the second half of the 2008/09 financial year (subject to certain conditions) and extended this reduction to the 2009/10 and 2010/11 financial years. For the 2011/12 and 2012/13 financial years the minimum rate of these pensions was reduced by 25% of the standard rate as set out below:

Age	Standard minimum amount	2008/09 to 2010/11 financial years	2011/12 & 2012/13 financial years
Under 65	4%	2%	3%
65 to 74	5%	2.5%	3.75%
75 to 79	6%	3%	4.5%
80 to 84	7%	3.5%	5.25%
85 to 89	9%	4.5%	6.75%
90 to 94	11%	5.5%	8.25%
95 plus	14%	7%	10.5%

Where the minimum pension is not paid, there may be social security and taxation consequences.

Insurance Benefits

Smartsave provides extensive insurance benefit options depending on the Division or Scheme you participate in, including:

- death benefits;
- terminal illness benefits;
- total and permanent disablement (TPD) benefits; and
- income protection benefits.

If you require further information about your insurance benefit options, please contact your Adviser or Client Services on 1300 654 720 and refer to the PDS and relevant Incorporated by Reference Documents. Some Divisions or Schemes provide automatic insurance cover (subject to eligibility criteria being met). If you have automatic cover you should be aware that the cover can cease in certain circumstances (for example, when you reach a maximum age or your employment status changes). In some circumstances cover will cease without any prior notification to you. Please refer to your PDS for further information. We recommend you speak to your Adviser or you obtain professional advice so you are aware of the circumstances in which your cover will cease.

You should carefully review the insurance information in your Annual Statement of Benefits to ensure that your current insurance arrangements through Smartsave satisfy your personal needs. For further information about the existing insurance arrangements, please refer to the PDS and relevant Incorporated by Reference Documents.

IMPORTANT NOTE: Please advise us immediately if any of your details change or if any information is incorrect on your Annual Statement of Benefits as this may affect the quantum of, or cover provided under, your insurance benefits.

Annual Statement of Benefits

You should have received your Annual Statement of Benefits showing your Smartsave benefits and entitlements as at 30 June 2012.

Unit pricing

Smartsave is a master trust that comprises a number of divisions. These divisions were created when a number of separate and individual superannuation funds were transferred into Smartsave. The unit pricing calculations which continue to apply to members' entitlements in Smartsave are unchanged from the methodology used in the previous funds. This means that within Smartsave different unit pricing methodologies are used in the various divisions. The valuations in Smartsave's 2012 Financial Statements are based on these different methodologies. The unit pricing policy will be considered as part of the broader restructure proposal in relation to Smartsave.

Deed Amendments

There were no deed amendments made during the 2011/12 financial year.

Anti-Money Laundering & Counter-Terrorism Financing (AML/CTF)

You will be required to provide proof of identity prior to being able to access your benefits either as a lump sum or in the form of a pension in accordance with the customer identification and verification requirements under the AML/CTF legislation.

These requirements may also be applied by the Trustee from time to time in relation to the administration of your superannuation benefits as required or considered appropriate under the AML/CTF legislation. You will be notified of any requirements when applicable. If you do not comply with these requirements there may be consequences for you, such as a delay in, or non-payment of, your benefits.

The Trustee is also regulated by the Australian Transaction Reports and Analysis Centre (AUSTRAC) which has responsibility for the AML/CTF legislation. The Trustee is required to provide yearly compliance reports to AUSTRAC and notify AUSTRAC of suspicious transactions. This may involve the provision of personal information about you to AUSTRAC.

Note: confirmation of your identity is also required when transferring superannuation benefits between superannuation funds under standardised transfer request processes applicable from 1 July 2007. Failure to provide necessary information may result in a delay in, or non-payment of, the transfer of your benefits.

TAXATION

This section gives a summary of the taxation rules, based on laws applicable at the time of writing this Annual Report. It is a general summary of the main taxation implications. The impact of the taxation rules on you personally will depend on your individual circumstances. For this reason, we strongly recommend you obtain professional taxation advice that takes into account your personal circumstances. If you require any factual information in respect of the tax on your investment applicable in the period prior to 1 July 2012, please refer to your Adviser or contact Client Services on 1300 654 720. Information is also available from the Australian Tax Office (ATO) website at www.ato.gov.au.

Contributions – deductions and rebates

Employer Contributions

- An employer is generally entitled to a full deduction for all contributions into Smartsave superannuation for the benefit of employees under age 75. However, one of a number of conditions must be met – it will be sufficient if the employee is engaged in producing the employer's assessable income. Contributions made within 28 days of the end of the month in which an employee turns 75 or which are required to be made under an industrial award or other prescribed arrangements (after age 75) may still be deductible.

Deductible personal contributions

- Where you are wholly self-employed or otherwise earn less than 10% of your assessable income, reportable employer super contributions and reportable fringe benefits from employment as an employee or similar activities, you are generally entitled to a full deduction for superannuation contributions provided you are under age 75 and certain conditions are met. You are subject to special rules if you are under 18. To obtain a deduction, you must lodge a section 290-170 notice of intention to claim a tax deduction (Deduction Notice) (previously referred to as an 82AAT notice) specifying the amount of the contribution the deduction is sought for and which must be submitted to the Trustee by the earlier of:
  - the day of lodgement of your tax return for the income year in which your contribution was made; or
  - the end of the income year following the year your contribution was made.

It is a condition for claiming a deduction that the Deduction Notice is acknowledged by the Trustee. The Trustee can refuse to acknowledge a Deduction Notice in certain circumstances, for example, where your account balance does not contain sufficient monies to meet the tax applicable to deductible contributions. A Deduction Notice may be invalid, and a deduction therefore unavailable, in certain circumstances including if you have used part or all of the account balance to commence a pension or you had made an application to split contributions with your spouse which the Trustee had not rejected.

Spouse contributions tax offset

- You may claim an 18% tax offset (up to a maximum of $540 for an income year) for any superannuation contributions you make into Smartsave or another complying superannuation fund or retirement saving account by 30 June for the benefit of your spouse. The availability and amount of the tax offset depends upon your spouse's assessable income (adjusted to include reportable fringe benefits and reportable employer superannuation contributions – these include salary sacrifice contributions into superannuation), as detailed below:

Spouse assessable income (as adjusted)	Tax offset
0 to $10,800	18% of the lower of: (a) total spouse contribution for the year; and (b) $3,000
Between $10,801 and $13,799	18% of the lower of: (a) total spouse contribution for the year; and (b) $3,000 (reduced by $1 for each $1 that the spouse's adjusted assessable income is in excess of $10,800)
$13,800 and over	Nil

A spouse contributions tax offset is conditional upon both you and your spouse being Australian residents for tax purposes. A spouse contribution tax offset is not available for tax deductible contributions.

An extended definition of "spouse" applies for this tax purpose. The extended definition is the same as that outlined for superannuation law purposes in the section headed "Death benefits & nominated beneficiaries" on page 26. However, a spouse contribution tax offset is not available if you and your spouse are permanently separated, or the contribution is made to satisfy certain entitlements under the Family Law Act 1975 (Cth).

Taxation of contributions

Contributions are most commonly classified as either "concessional" or "non-concessional".

The ATO adopts a broad approach to what is regarded as a contribution. A payment of fund expenses by your employer could for example constitute an employer contribution for your benefit.

Concessional contributions and concessional contribution limit

Concessional contributions include employer contributions and contributions made by self employed persons and certain other eligible persons for which a deduction applies.

Tax is payable by the Trustee on concessional contributions at a tax rate of 15%.

If concessional contributions to Smartsave and another superannuation entity for a financial year ending 30 June for you in total exceed $25,000 (for the 2011/12 financial year, subject to indexation in future years), a further 31.5% tax will apply to the excess. **This 31.5% extra tax is payable by you.** To pay the extra tax, an amount may be released from a superannuation fund upon presentation of a valid release authority issued by the Australian Taxation Office (**ATO Release Authority**). Transitional arrangements applied until 30 June 2012 where, if you are aged 50 or over on the last day of the financial year, the limit on concessional contributions before the extra tax applies is increased to $50,000 for the year.

The Government has confirmed that from 1 July 2012 the transitional arrangement for members aged over 50 will cease and for the 2012/13 financial year the concessional limit for all members will be $25,000.

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.

This measure will assist members who mistakenly breach the concessional contributions cap for the first time. But it does not address the ongoing problem faced by members who breach the cap each year because multiple employers are making compulsory Superannuation Guarantee payments.

Non-concessional contributions and non-concessional contribution limit

Non-concessional contributions include most member (after-tax) contributions.

If non-concessional contributions to Smartsave and another superannuation entity for a financial year ending 30 June for you in total exceed $150,000 (for the 2012/13 financial year, subject to indexation in future years), tax of 46.5% will apply to the excess. **This 46.5% tax is payable by you.** An amount to pay this tax must be released from a superannuation fund upon presentation of an ATO Release Authority. Significantly, if you are under age 65 you can bring forward the non-concessional limit for the future 2 years, giving you a limit of $450,000 over a 3 year period (for the 2012/13 financial year, subject to indexation in future years). A non-concessional contribution made in a single payment in excess of your non-concessional limit will not be accepted and will be returned.

Importantly, note that excess concessional contributions count towards the non-concessional contributions limit. This may cause the same contribution to exceed both the concessional and non-concessional contribution limits and therefore be subject to the ordinary 15% fund tax on concessional contributions, plus 31.5% excess concessional contributions tax, plus 46.5% excess non-concessional contributions tax.

Note: Spouse contributions will count towards the receiving spouse's non-concessional limit. Government Co-contributions, personal contributions made from certain proceeds from the disposal of qualifying small business assets up to a lifetime limit of $1.225 million (for the 2012/13 financial year, subject to indexation) and personal contributions from proceeds from certain payments for personal injury resulting in permanent disablement made within 90 days of receiving the payment will not count towards the non-concessional contributions limit.

Some other types of contributions

There are other amounts that can be contributed to superannuation, for example, certain employer termination payments (payable directly by an employer), certain disablement amounts on settlement of a disability claim (received from outside of superannuation) and superannuation sourced from a foreign superannuation fund.

For information about the taxation treatment of these amounts we recommend you obtain appropriately qualified tax advice. Limits may also apply to these other types of contributions in excess of which greater amounts of tax become payable.

Taxation of Benefits (other than death benefits)

Tax may be payable on a benefits paid to you depending largely on your age. In general, lump sum benefits paid to persons age 60 or over are tax free (if paid from a taxed source). Tax is often payable on lump sum benefits paid to you if you are under age 60, as outlined in the following table for the 2012/13 financial year. The taxation of pension benefits is discussed on page XX of this Annual Report.

Age/Status	Component and tax treatment for a lump Sum
Age 60 or over	Both taxable and tax free components are tax free
Preservation age (age 55 for people born on or before 30 June 1960, increasing on a graduated basis to age 59 for people born after that)	Tax free component* is tax free. Taxable component** • The first $175,000*** is tax free • The amount above $175,000*** is taxed but a tax offset limits tax to 16.5% (including Medicare levy).
Less than preservation age	Tax free component* is tax free. Taxable component** is taxed but a tax offset limits tax to 21.5% (including Medicare levy)

** The tax free component consists of amounts such as the accumulation of non-concessional contributions, pre 1 July 1983 component and post 30 June 1994 invalidity component. If you would like more information about the calculation of these components contact Client Services on 1300 654 720.*

*** The taxable component is the balance of your benefit and consists of amounts such as the accumulation of concessional contributions and post 1983 investment earnings. The tax rate of 21.5% is also the rate at which the Trustee will be required to withhold tax from the taxable component assuming that you have quoted your TFN to the trustee for superannuation purposes. If you have not done so by the time of receiving a benefit from Smartsave then the Trustee will need to withhold tax at 46.5% - see below non-quotation of TFN discussion. If you would like more information about the taxable component and tax withholding, contact Client Services on 1300 654 720.*

**** The $175,000 benefit limit is a lifetime limit that is indexed in line with average weekly earnings each year in $5,000 increments. The tax rate of 16.5% is also the rate at which the Trustee will be required to withhold tax from the taxable component in excess of $175,000 assuming that you have quoted your TFN to the trustee for superannuation purposes. If you have not done so by the time of receiving a benefit from Smartsave then the Trustee will need to withhold tax at 46.5%. If you would like more information about the taxable component and tax withholding contact Client Services on 1300 654 720.*

In addition, when any benefit is paid, it must comprise of both tax-free and taxable components, in the same proportions as your total benefit value. You cannot nominate to withdraw specific components of your benefit value. If the Trustee does not have your TFN at the time a benefit is paid, tax may need to be withheld from the taxable component at 46.5% - see below non-quotation of TFN discussion.

Tax is not generally payable when rolling over benefits from or to another complying superannuation fund or product (eg. pension) or where a terminal illness benefit is paid. However, a rollover of benefits from an untaxed fund may result in tax needing to be taken out of the rollover amount.

Taxation of pension benefits

Generally, payments made from Smart Pensions will be treated as pension payments and taxed accordingly. If, where permissible, you elect for a payment to be treated as a lump sum payment for tax purposes, the payments will be taxed at ordinary lump sum benefit tax rates (see above).

Pension payments are divided into two components, a taxable component and a tax free component. Each pension payment you receive will be proportionately split between the taxable and tax free component of your benefit, equal to the proportion that these components made up of your total benefit value at the time the pension commenced. The taxation of pension payments will depend upon your age at the time you receive the pension payment and in particular, whether you are over or under the age of 60. If you are age 60 or over, no tax is payable on the pension payments you receive, even though a component of the pension payment may be termed 'taxable'. If you are under the age of 60, the tax free component is paid to you tax free, regardless of your age. If you are over your preservation age (refer to page 26 of this Annual Report) and less than 60, the taxable component within each pension payment will be taxed at your marginal rate, plus Medicare Levy (currently 1.5%), however a 15% tax offset applies. If you are aged less than your relevant preservation age, the taxable component of each pension payment will be taxed at your marginal tax rate, plus Medicare Levy. In this instance, however, no tax offset is available, except if the pension recipient is permanently disabled the 15% tax offset is still available even if aged less than preservation age.

Taxation of death benefits

Payments to dependants for tax purposes

A person who qualifies as a dependant for tax purposes can receive a death benefit as a pension or as a lump sum.

Where a death benefit is paid to a person who qualifies as a death benefit dependant for tax purposes (see below) as a lump sum (regardless of their age or the age of the deceased) the benefit will be tax free.

If a person who qualifies as a death benefit dependant for tax purposes receives a benefit as a pension, the tax paid depends upon the age of the deceased and the recipient.

Age of deceased	Age of dependant	Tax
60 or more	Any age	Both taxable and tax free components are tax free.
Below 60	60 or more	Both taxable and tax free components are tax free.
Below 60	Below 60	Tax free component is tax free. Taxable component is taxed at marginal tax rates (up to 45%) plus Medicare levy (currently 1.5%), less a 15% tax offset

The above table demonstrates that if either the deceased member or the recipient dependant is aged 60 or more, pension payments will be tax free. Also, even if previously subject to tax, once the recipient death benefit dependant turns 60, pension payments will become tax free from that point. Other tax offsets (including the Senior Australian tax offset) may also be available depending on various factors such as your age. The Trustee can take into account certain rebates, tax offsets and the tax free threshold from tax it withholds, but before the Trustee can do so the recipient must complete a Tax File Number Declaration Form.

If a reversionary beneficiary decides to cease their income stream after the later of:

- 6 months of the death of a member; or
- 3 months after the grant of probate of the deceased member's estate,

the resulting lump sum commutation payment will, subject to any permitted extension of these timeframes, be taxed as an ordinary superannuation benefit payment and will be subject to the tax applicable to ordinary lump sum benefits (rather than as a death benefit lump sum) – see page XX of this Annual Report. The amount of tax payable on any taxable component will be higher if Smartsave does not hold the recipient's TFN or the taxable component includes an untaxed element.

However, where a death benefit pension is paid to a child who was a death benefit dependant, a subsequent lump sum commutation of that pension up to or upon the child turning 25 years of age, or if the child is permanently disabled, at any time, is wholly tax free.

Payments to non-dependants for tax purposes

A death benefit paid to a person who is a non-dependant for death benefit tax purposes can generally only be paid as a lump sum. In this instance the tax free component (as outlined above) is tax free, whilst the taxable component is taxed but a tax offset limits tax to a maximum rate of 16.5%, inclusive of the Medicare levy. Where a non-dependant receives an insurance payout as part of the death benefit, a portion of this amount may be an element untaxed (relating to the future service period of the insurance amount). Any untaxed element of the taxable component of the death benefit will be taxable but a tax offset limits tax to a maximum rate of 31.5%, inclusive of Medicare levy. Tax required to be withheld on any taxable component may be at the rate of 46.5% if the Trustee does not hold the recipient's TFN.

Payments to legal personal representatives of deceased estates

Where a death benefit is received by the legal personal representative of a deceased estate, tax needs to be determined by the legal personal representative according to who is intended to benefit from the estate.

Who is a death benefit dependant for tax purposes?

A death benefit dependant for taxation purposes generally includes a spouse, a child under 18 and any other person who was financially dependent on, or in an interdependency relationship with, the deceased member. It generally does not include an adult child aged 18 or more (unless financially dependent on or in an interdependency relationship with the deceased).

An extended definition of "spouse" and "child" applies for these tax purposes. The extended definitions are the same as that outlined for superannuation law purposes in the section headed "Death benefits & nominated beneficiaries" on page 26.

Note that this definition of dependant for tax purposes differs from that applicable to a trustee's determination about the distribution of death benefits (see page 18 of this Annual Report for further information).

Government Flood Levy

Superannuation funds must withhold any relevant flood levy amounts payable by members/beneficiaries with a taxable income of over $50,000 in the 2011/2012 financial year. This will include members/beneficiaries who receive taxable lump sum superannuation or pension payments of $50,000 or more in the 2011/2012 financial year.

The amount of flood levy payable on lump sums is calculated as follows:

Taxable Component	Flood Levy
Under $50,000	Nil
$50,000 to $100,000	0.5% of amount over $50,000
Over $100,000	$250 plus 1% of amount over $100,000

Members/beneficiaries who have a taxable income of less than $50,000, or who were affected by a flood event that occurred during the 2010/2011 financial year, are exempt from paying the flood levy.

Certain lump sum superannuation payments are also automatically exempt from the flood levy, including: payments to members aged 60 or above (as are pension payments to members aged 60 or above) (unless there is an untaxed element); death benefit payments to tax dependants; rollovers; super lump sum benefit withdrawals less than $200; terminal illness payments and departing Australia superannuation payments.

A withholding schedule is available on the ATO website.

Income Protection Benefits

Income protection insurance benefits are paid as taxable income and, like salary and wages, tax is withheld at your marginal tax rate. The tax is deducted from the benefit paid and the amount deducted remitted to the Australian Taxation Office. If the Trustee does not hold your TFN then tax is required to be withheld at 46.5%, being the top marginal tax rate plus Medicare levy.

Temporary Residents and Departing Australia Superannuation Payments (DASPs)

From 1 April 2009, if you are a current or former temporary resident, the circumstances in which you can satisfy a condition of release and have benefits paid from Smartsave to you or your dependants may be limited to:

- the payment of a DASP – see below;
- the payment of benefits as a result of you becoming permanently incapacitated or suffering from a terminal medical condition; or
- the payment of benefits as a result of your death.

This effectively means that other general conditions of release (such as retirement, reaching preservation age, or reaching age 65) will no longer be available to you if you are a current or former temporary resident. There is an exception if you satisfied one of those conditions of release before 1 April 2009 and your benefit is still held in Smartsave.

You may be considered a temporary resident if you hold a temporary visa under the Migration Act 1958. However, the limited conditions of release do not apply to your benefits in Smartsave if you are an Australian or New Zealand citizen, a permanent resident of Australia or the holder of a retirement visa (subclasses 405 and 410). In these circumstances, you will be able to continue to access your superannuation benefits upon satisfying any relevant condition of release.

Unless your benefit is paid as a DASP, the usual Australian tax rates will apply.

DASP tax rates

Tax on a DASP paid from Smartsave is at the following rates. This tax is withheld at the time of payment.

- Tax free component – Nil;
- Taxable component:
  - 35%; or
  - 45% on any untaxed element the benefit may include.

For further information regarding DASPs, please refer to the ATO website (www.ato.gov.au). You may also wish to obtain independent financial and taxation advice.

Payment of benefits to the Australian Tax Office (ATO)

If you are a former temporary resident and do not claim your benefit entitlement within 6 months of becoming eligible to do so following final departure from Australia and your visa ending, the Trustee may be required to transfer your benefit to the ATO. Where your benefit has been paid to the ATO, you may apply to the ATO for access to your benefit. Interest does not generally accrue on benefits held by the ATO.

You should note that, where the Trustee transfers your benefits to the ATO, the Trustee will not issue an Exit Statement for you as the Trustee will rely on relief provided to it by the Australian Securities and Investments Commission (ASIC). However, if you contact us after the benefit has been transferred to the ATO, we will provide you with benefit information so that you may contact the ATO about your benefit.

Tax file numbers (TFNs)

Under superannuation law, Smartsave is authorised to collect your TFN, which will only be used for lawful purposes.

These purposes may change in the future as a result of legislative change. The Trustee may disclose your TFN to another superannuation provider, when your benefits are being transferred, unless you request the Trustee in writing that your TFN not be disclosed to any other superannuation provider.

It is not an offence not to quote your TFN. However, we are required to tell you that giving your TFN to Smartsave will have the following advantages (which may not otherwise apply):

- Smartsave will be able to accept all contributions made by you which are permitted by the SIS Legislation;
- the tax on contributions to your superannuation account(s) will not increase (see details below);
- other than the tax that may ordinarily apply, no additional tax will be withheld when you start drawing down your superannuation benefits (see details below); and
- it will make it easier to trace different superannuation accounts in your name, making it easier to ensure that you receive all your superannuation benefits after you retire.

Non-quotation of TFN - Impact on contributions and additional tax payable

If the Trustee does not hold your TFN for superannuation purposes by the end of the year in which employer contributions are received, those contributions will be taxed in the fund at an additional 31.5%, on top of the ordinary 15% fund tax on concessional contributions. The Trustee may adopt whatever measures it considers appropriate to manage any tax liability that might arise on the part of Smartsave as a result of a TFN not being held, including deducting tax from concessional contributions as they are received or rejecting concessional contributions where allowed. A superannuation fund may (but is not obliged to) recover any additional tax paid by it in respect of your no-TFN contributions if subsequently provided with your TFN within 3 years after the year in which the contributions were received. The Trustee will make reasonable endeavours to recover such tax but does not guarantee it will do so in the event that you cease membership prior to the Trustee receiving your TFN.

The additional 31.5% tax does not apply if concessional contributions combined with any other taxable contributions for the financial year are in total $1,000 or less and you held an interest in Smartsave prior to 1 July 2007.

Non-employer contributions are unable to be accepted if the Trustee does not hold your TFN and will be returned.

Non-quotation of TFN - additional tax withholding from benefits paid

If the Trustee does not hold your TFN at the time a benefit is paid then the Trustee is generally required to withhold tax at 46.5% from the taxable component of benefits, unless you are aged 60 or over, in which case tax is only required to be withheld from the untaxed element of the taxable component of the benefit.

Tax Deductions available to Smartsave

The Trustee may be able to claim tax deductions for insurance premiums incurred (for example, for death and disablement cover) and other expenses relating to the operation of Smartsave.

Goods and Services Tax (GST)

Smartsave's fees and costs may be subject to GST. However, Smartsave may be able to claim a Reduced Input Tax Credit (RITC) for GST paid on certain (but not all) expenses. This means that the actual cost to Smartsave is reduced.

NOTE: Up to 30 June 2012, the Reduced Input Tax Credit was 75% of the GST paid. From 1 July 2012 the Reduced Input Tax Credit for some fees will be reduced to 55%.

Surcharge

The Superannuation Contribution Surcharge payable by higher income members was abolished for contributions paid after 30 June 2005. However, there may still be a surcharge shown on your Annual Statement of Benefits in relation to a charge imposed from previous financial years. If the surcharge is applicable it is deducted from your account. Further general information on this is available on request.

SUPERANNUATION DEVELOPMENTS

Low Income Super Contribution (LISC)

If you earn less than $37,000, and you, or your employer, makes concessional (before-tax) contributions to Smartsave, you may get a refund of up to $500 for the contributions tax deducted from the super contributions.

The LISC is a repayment of the contributions tax paid on the concessional (before-tax) contributions. The LISC takes effect from the 2012/2013 financial year, which means the contributions tax deducted from any concessional contributions made on or after 1 July 2012, will be potentially refundable. If you're eligible, the LISC is paid into your Smartsave super account.

Who is eligible?

You are eligible for the LISC, if you satisfy the following conditions:

- you have concessional (before-tax) contributions made to a complying super fund by your employer, or yourself;
- your 'adjusted taxable income' is $37,000 or less;
- you are not a temporary resident;
- 10% or more of your 'total income' is sourced from business or employment; and
- your LISC entitlement is $20 or more.

What is adjusted taxable income?

Adjusted taxable income is:

- your taxable income (what appears on your tax return);
- adjusted fringe benefits amount (total reportable fringe benefits amount x 0.535);
- tax-free government pensions or benefits (this does not include private tax-free super pensions);
- reportable super contributions (that is, reportable employer super contributions – such as salary sacrifice contributions but not SG contributions, and deductible personal super contributions);
- total net investment loss (that is net investment loss from rental property investments, and net loss from other financial investments);
- target foreign income (foreign income not already included in your tax return); and
- deductible child maintenance expenditure (child support payments).

How does it work?

The LISC process is supposed to work something like this:

1. Smartsave must have your tax file number.
2. You or your employer has to make a concessional contribution during the 2012/2013 year. If you're employed, that will automatically include your employers Superannuation Guarantee contributions. If you negotiate a salary sacrifice arrangement, then those contributions may also be eligible for the LISC, although note that those salary sacrifice contributions are counted back into your adjusted taxable income.
3. If you lodge an income tax return, the ATO will use the information in your tax return to calculate your adjusted taxable income.
4. If you don't have to lodge a tax return, you still don't have to do much. The ATO will work out your adjusted taxable income, and hence your eligibility, from other sources.
5. The ATO will publish more details on the process of eligibility and payment on the ATO website before 1 July 2013.

EXAMPLE

Julie earns $36,000 a year as a child care assistant. In the 2012-13 financial year, Julie's employer makes a 9% super guarantee contribution of $3,240 into her super fund. Julie lodges an income tax return which includes tax deductions of $1,000, resulting in an adjusted taxable income of $35,000 ($36,000 – $1,000). The table below shows how Julie worked out whether she was eligible for a LISC.

Under the LISC, Julie will receive a government super contribution of $486 (15% of $3,240).

How Julie worked out she was eligible for a LISC		
	Criteria met?	**Amount**
Smartsave has my tax file number?	Yes	
Made concessional super contributions?	Yes	$3,240
Had an adjusted taxable income of $37,000 or less?	Yes	$35,000
Received at least 10% of income from employment, business or a combination of both?	Yes	
Had not held a temporary resident visa during the year?	Yes	
Eligible for a LISC payment of more than $20 for the financial year?	Yes	

What do I need to do to ensure I receive the LISC?

You do not need to do anything in particular. According to the ATO, if you're eligible and you lodge an income tax return, your LISC will be paid into your Smartsave account when the ATO has processed your tax return and also when the ATO has received information from Smartsave fund about the level of contributions paid into Smartsave over the financial year. If you don't lodge a tax return, the ATO will work everything out from the super contributions information received from Smartsave and from information the ATO collects from other sources and agencies.

How long do I have to wait before I receive the LISC?

According to the ATO, the process can take up to 14 months from the end of the financial year in which the super contribution was paid. The ATO has promised to publish more detail on this process before 1 July 2013. When the LISC is paid into your Smartsave account, the payment will appear on your member statement.

What if I have retired by the time the Government has paid the LISC?

If you have retired (and have reached your preservation age) from the workforce, or you're aged 65 or over (even when you're still working), you can apply to have the LISC paid directly to you, rather than paid into your Smartsave account. The form to enable the direct payment of the LISC should be available on the ATO website around July 2013.

Is there a minimum amount that I can receive?

If your LISC entitlement is less than $20, then you will not receive any LISC payment. For administrative efficiency and to reduce costs for the government and super funds, the government has decided that your entitlement must be $20 or more before you get paid LISC. The maximum amount of LISC that you can receive is $500.

Where can I find more information about the LISC?

You can find more information on the LISC by visiting the ATO website (www.ato.gov.au). Later in the financial year, you can expect more detail on how the LISC is going to work. You may also want to check out Smartsave's website which will have information on how the LISC is going to operate.

MySuper

The Government proposes to introduce MySuper with effect from 1 July 2013. MySuper is essentially a simple, cost- effective product with a diversified portfolio of investments for the vast majority of members who are invested in the default option in their current fund.

MySuper may be viewed as a new type of product, but it is really a refocusing on the principle that superannuation should work well for those members who elect not to exercise choice or have chosen the trustee default investment option.

For those members who require 'Choice' of investments or insurance arrangements, these products will remain as a vital component of the superannuation sector, but are excluded from the specific rules proposed for MySuper.

MySuper is designed to cater to the large number of Australians who would prefer to delegate the task of designing and maintaining an investment strategy for their super to someone else.

We will be providing you with further information on Smartsave's MySuper product later in the financial year.

APRA Prudential Standards

The Australian Prudential Regulation Authority (APRA) is the Government body charged with the overall responsibility for ensuring that Australia's superannuation system operates effectively and in the best interests of fund members. The Government has introduced legislation which will allow APRA to set down prudential standards for those funds it regulates. Smartsave is an APRA regulated fund.

The prudential standards are aimed at the trustees of regulated funds and are expected to be finalised during 2012 with a view to the commencement of the majority of provisions in the prudential standards on 1 July 2013. Some transitional provisions will commence earlier to ensure that arrangements entered into with third parties after the date of registration comply with the requirements of the prudential standards.

The prudential standards cover the following areas:

- Governance
- Operational Risk
- Risk Management
- Outsourcing
- Business Continuity Management
- Insurance
- Audit and related matters
- Fit and Proper Persons
- Conflicts of Interest
- Investment Governance
- MySuper transition

Future of Financial Advice (FoFA)

The FoFA legislation was passed by Parliament on 25 June 2012. It introduces:

- A prospective ban on conflicted remuneration structures including commissions and volume based payments, in relation to the distribution of and advice about a range of retail investment products. The ban will not apply to some products and advice services, including for example:
  - financial product advice given to wholesale clients; and
  - advice where the client pays the benefit to the provider (eg, fee for service arrangements).
- A duty for financial advisers to act in the best interests of their clients, subject to a 'reasonable steps' qualification, and place the best interests of their clients ahead of their own when providing personal advice to retail clients.
- An opt-in obligation that requires advice providers to renew their clients' agreement to ongoing fees every two years. The Australian Securities & Investment Commission (ASIC) will have the ability to exempt advisers from the opt-in obligation if they are satisfied that the adviser is signed up to a professional code which makes the need for the opt-in provisions unnecessary.
- Enhanced powers for ASIC.

The FoFA reforms will commence on 1 July 2012 and compliance will be mandatory from 1 July 2013.

SuperStream

As part of its Stronger Super reforms, the Government has announced the introduction of SuperStream. SuperStream is a comprehensive package of reforms designed to enhance the 'back office' of superannuation and includes measures to:

- implement a new data and e-commerce standards for superannuation transactions;
- allow the use of tax file numbers (TFNs) as the primary locator of member accounts; and
- facilitate account consolidation and improve the treatment of contributions made without sufficient member details.

The implementation timeline for the data and e-commerce standards is as follows:

- **July 2013:** Data standards and use of ecommerce becomes mandatory for processing rollovers and accepting contributions.
- **July 2014:** Data standards and use of e-commerce becomes mandatory for large and medium employers making contributions.
- **July 2015:** Proposed application of data standards and use of e-commerce to small employers.

The Government aims to increase retirement incomes by facilitating a steady reduction in the number of unnecessary and lost superannuation accounts. The Government's package of Stronger Super reforms will make it easier for superannuation funds and their members to locate and consolidate multiple superannuation accounts, including by allowing the wider use of TFNs.

These reforms will have considerable benefits:

- Members will have a streamlined process to consolidate accounts and avoid paying unnecessary fees, including insurance premiums, on multiple accounts. Any accounts with less than $1000 will be automatically consolidated to the current active account unless you opt out.
- Superannuation funds will be able to search the Australian Taxation Office (ATO) registers for any lost or unclaimed superannuation as well as information on member accounts (member consent required) and advise the member that they may wish to consolidate their superannuation accounts.

The timeline for account consolidation is as follows:

- **July 2011:** Funds can use TFNs as primary locator to find accounts within a fund.
- **January 2012:** Funds can use TFNs to search the ATO's current service for searching for lost accounts — but only with member consent.
- **July 2012:** Where a member has multiple accounts within a fund, funds would be required to consolidate these accounts, where possible.
- **July 2012:** The ATO will provide a new online facility for members to view their active (but not their inactive) superannuation accounts that are currently reported to the ATO, in addition to their lost accounts and other superannuation monies held by the ATO (for example, unclaimed money). Funds will also be able to search the account information, with member consent.
- **October 2013:** Funds will report all inactive accounts, lost accounts as well as active accounts to the ATO.
- **January 2014:** Commencement of auto consolidation of lost and inactive accounts (two years without contributions or rollover) with a balance of less than $1,000 and accounts in eligible rollover funds. The process will be initiated by the ATO and conducted annually. The ATO would identify relevant accounts and advise the active fund (Fund A). Fund A would then be responsible for arranging consolidation unless the member opts out. Fund A would have a prescribed time to write to the member advising them that if they do not 'opt out' then Fund A will write to the other funds and commence the auto-consolidation process. As part of this process the member would be advised that there may be insurance cover in the other funds and they should consider this and other relevant information before making any decision. The member will have the prescribed time to advise Fund A if they do not want the accounts consolidated. If the member does not 'opt out' the current fund will then commence the consolidation process by advising the other funds which will have a prescribed period to process the consolidation.

  In addition, members and funds (with member consent) can use the ATO online facility at any time to search for all accounts, including inactive accounts. They will be able to claim any ATO held super monies through this online facility.

- **July–December 2014:** The enrolment process for new employees will be modified so that employees can actively consider account consolidation at this time. If the new employee does not exercise choice the default option would be to create a new account. Any lost and inactive accounts with a balance of less than $1,000 will be transferred into the new account through the auto consolidation process previously mentioned.

In the latter half of 2014 the threshold for auto-consolidation of lost and inactive accounts would be increased to at least $10,000 subject to a review of the threshold by the Treasury, ATO and APRA. The Government will continue to consult with industry to ensure that the administration of the account consolidation process is as efficient as possible, for example, through greater use of standardised forms and processes including standard proof of identity requirements.

OTHER IMPORTANT INFORMATION

Preservation

Preservation is a legislative term that means your superannuation benefits must be retained in a superannuation fund, approved deposit fund or retirement savings account until you satisfy a condition of release under superannuation law. While your benefits are preserved they cannot be withdrawn as cash, but benefits can be transferred to another regulated fund at any time.

Under current legislation, all or part of your preserved benefits can be released if one of the following **Conditions of Release** is satisfied:

- you cease employment with a standard employer sponsor of the fund and your preserved benefit is less than $200;
- you leave employment after age 60 (without necessarily retiring permanently);
- you turn 65 (whether you have retired or not);
- you permanently retire from the workforce i.e. work less than 10 hours per week after you reach your preservation age - which is currently age 55 but progressively increasing to 60 if you were born after 30 June 1960, as set out below:

Preservation Age Table	
Date of Birth	**Preservation Age**
Before 1 July 1960	55 years
1 July 1960 – 30 June 1961	56 years
1 July 1961 – 30 June 1962	57 years
1 July 1962 – 30 June 1963	58 years
1 July 1963 – 30 June 1964	59 years
1 July 1964 – 30 June 1965	60 years

- you die;
- you are considered to be terminally ill and likely to die within the next 12 months;
- you become totally and permanently disabled;
- you suffer from temporary incapacity (you will only be able to access any income insurance benefit you may have);
- you experience severe financial hardship;
- on compassionate grounds acceptable to APRA;
- you reach your preservation age and take your benefits in the form of a non-commutable income stream (transition to retirement pension); or
- you are otherwise permitted by law (for example, upon presentation of an ATO Release Authority to a superannuation fund).

If you are a temporary visa holder you may have the option of taking your superannuation benefits with you when you permanently depart Australia. These measures do not apply if you are an Australian or New Zealand citizen, a permanent resident, or in certain circumstances where you retain the option of retiring in Australia. See page 20 of this Annual Report for more information.

Death benefits & nominated beneficiaries

Smartsave generally provides you with benefits. Under Smartsave you can choose:

- whether or not to nominate a beneficiary to receive your superannuation benefit in the event of your death; and
- whether or not any nomination of beneficiary you make is binding on the Trustee.

The person or persons that you nominate to receive your benefit must be a person who is your legal personal representative or a dependant. A dependant under the superannuation legislation includes your spouse (including a same-sex or opposite-sex de facto spouse – see below), a child (see below), a person with whom you have an interdependency relationship (see below), or a person who is financially dependent on you.

An "interdependency relationship" may exist between two people – whether or not related by family – if:

- they have a close personal relationship;
- they live together;
- one or each of them provides the other with financial support; and
- one or each of them provides the other with domestic support and personal care.

In addition, if a close personal relationship exists but the other requirements above are not satisfied because of a physical, intellectual or psychiatric disability (eg one person lives in a psychiatric institution suffering from a psychiatric disability), then an interdependency relationship may still exist.

For the purposes of superannuation law the definition of:

- "spouse" has been expanded to include a person (whether of the same sex or the opposite sex) with whom you are in a relationship that is registered under the laws of the State or Territory or with whom you live on a genuine domestic basis in a relationship as a couple, despite not being legally married; and
- "child" has also changed and now includes a child of a spouse (whether a spouse of the same sex or the opposite sex) and a child recognised under the Family Law Act 1975 (Cth).

This means that you can nominate a person who falls within these categories to receive your death benefit and you can take this person into consideration when considering your contribution strategies.

For non-binding nominations, the Trustee will take your wishes into account but has complete discretion in deciding who will receive the benefit and the amount they will receive. The Trustee may pay the benefit to one or more of your dependants in whatever proportion the Trustee sees fit or may pay it to your legal personal representative to be distributed as part of your estate.

For a non-lapsing binding death benefit nomination you should complete a Beneficiary Nomination form. Because your nomination will not automatically lapse, it is important that you periodically review your nomination to ensure you still wish us to pay the person(s) you have nominated. In addition, unlike a will, your non-lapsing nomination will not automatically become invalid in the event of marriage, divorce or any other life-changing event. We will include the details of your nomination as part of your annual member statement and you can also view your nomination online through Smartsave's website at www.smartsavesuper.com.

Where we have consented to your nomination, we will pay your benefit to the person(s) you have nominated as long as:

- the person(s) you have nominated are your dependants at the time of death; and
- your nomination has been made in writing and is signed by you in the presence of two witnesses who are over 18 years of age and not named as beneficiaries in your nomination.

A non-lapsing death benefit nomination can only be made by you in respect of your benefit. We will not accept a non-lapsing death benefit nomination made by an attorney or any other agent.

We generally can only consent to a nomination in respect of one or more of your dependants or legal personal representative. If we have consented to your nomination to pay one or more dependants and that nomination, or a part of it, is no longer valid at the time of payment, we will pay the non-valid portion of your death benefit to your legal personal representative (your estate).

The trustee will pay the valid portion of your benefit in accordance with that part of your nomination which is valid.

Please note the following:

1. Where a death benefit becomes payable under Smartsave which includes an amount payable from your investment portfolio, on receipt of a certified copy of the death certificate we will 'cash in' all of your investments and transfer the total amount (including any proceeds from insurance) to a Cash Fund within Smartsave, pending payment to your estate or beneficiary(ies); and
2. Death benefits paid to non-dependants (for tax purposes) must generally be paid as a lump sum and will be subject to tax (including when the benefit is paid via your estate). A non-dependant for tax purposes includes a child aged 18 or more who is not financially dependent on you or in an interdependency relationship with you.

You should also note that death benefits paid to non-dependants (for tax purposes) must generally be paid as a lump sum and will be subject to tax (including when the benefit is paid via your estate).

Death benefits paid to people classified as dependants for tax purposes (including when the benefit is paid via your estate) are subject to tax in some circumstances - see page 26 of this Annual Report.

You should consult your Adviser or contact Client Services on 1300 654 720 for further information regarding the nomination of a beneficiary. As there may be tax implications, please discuss this with your Adviser (if applicable) or consider obtaining taxation advice.

Completing and updating your nomination

To nominate a beneficiary please complete the Beneficiary Nomination form. This is available from your Adviser, Client Services on 1300 654 720 or can be downloaded from Smartsave's website at www.smartsavesuper.com. If you do not complete a Beneficiary Nomination form, your benefit will be paid by the Trustee to one or more of your dependants or your legal personal representative to be distributed as part of your estate, in whatever proportion the Trustee sees fit. In limited circumstances, where you do not have any dependants or a legal personal representative, the Trustee may determine to pay your death benefit to another person.

You may revoke or change your nomination at any time by writing to Client Services (contact details on the inside front cover of this Annual Report).

Electronic Disclosure

The Trustee is required to provide information to you regarding Smartsave, its investments and other relevant information.

We must either provide you with the relevant documents or, as a consequence of regulatory relief granted to the industry, provide the same level of information through electronic means. In order to satisfy our obligations, the following information is available to you on Smartsave's website at www.smartsavesuper.com:

- a copy of the PDS and any other Incorporated by Reference Documents;
- a copy of this Annual Report and future Annual Reports;
- where you select an investment option which has a product disclosure statement, a link to that product disclosure statement; and
- any other information the Trustee considers you should know.

In order to implement the electronic disclosure regime and comply with the regulatory relief provided by ASIC, it is a condition of your membership of Smartsave that you consent to receive this disclosure information electronically.

Once you have been accepted as a member, when you actively participate in Smartsave by taking any one of the following actions:

- making a subsequent investment selection, such as changing one or more of your investment option(s);
- rebalancing your investment portfolio;
- make additional contributions to Smartsave; or
- change your member profile, including change of name, address, insurance options etc,

we will act upon such instructions, subject to compliance with our legal obligations, provided that by taking such an action, you are agreeing to receive the relevant electronic information through Smartsave's website or any other electronic medium we nominate (whether or not you actually access the information electronically). You also agree to access the information prior to making decisions in relation to your Smartsave membership. We recommend that you consult with your Adviser (if applicable) or obtain appropriately qualified advice before making any decisions about your Smartsave membership.

All future disclosure information will be posted to Smartsave's website at www.smartsavesuper.com. However, you may advise us if you would prefer the information to be provided to you in hard copy, in which case it will be sent to you in the mail.

If you fail to advise us of your preference, you will be presumed to have agreed to receive disclosure information through Smartsave's website. You may change your preference at any time by contacting Client Services on 1300 654 720.

This electronic disclosure process does not apply to your Annual Statement of Benefits and you will continue to receive this each year through the mail.

Illiquid investments

Where an investment option you select is or becomes illiquid, a notice period greater than 30 days may be required in order for us to effect any transfer or rollover you may request.

A list of illiquid investments, the nature of and reason for the illiquidity and the estimated redemption period, is set out on Smartsave's website at www.smartsavesuper.com. You should refer to the website regularly and before investing in any investment option to verify the current status of that option.

The Trustee reserves the right to refuse or delay implementing any request for a switch for whatever reason, including the occurrence of a materially adverse change or materially adverse significant event affecting the information in the relevant PDS (or an underlying product disclosure statement). Where we consider that such a refusal or delay is appropriate or necessary under the relevant law, we accept no liability for any losses incurred by you.

If a materially adverse change or materially adverse significant event occurs which affects the information in the relevant PDS (or an underlying product disclosure statement) and we continue to determine to invest monies received for you on or after the change or event is notified to us, we will notify you about your options as soon as practicable after the change or event occurs. Other changes affecting information in the relevant PDS (or an underlying product disclosure statement) may be available on Smartsave's website or through such other means as we consider appropriate.

We also reserve the right to close, terminate or split any other investment option which may become illiquid in the future and to invest contributions that otherwise would be paid into that option into another investment option as selected and determined by us.

Fees

Fees may be adjusted for the percentage change in the Consumer Price Index (all groups index for Sydney) in the preceding 12 months as published by the Australian Statistician under the Census and Statistics Act 1905. If after its first publication for any reference period of time that Index is revised, use only the first publication. Pending publication of that Index for any period, the trustee must pay a fee at the rate payable for the period immediately before that 1 January and on that Index being published the Trustee must account to the Administrator for any shortfall without liability for interest.

- Member Fee
- Withdrawal/Exit Fee
- Investment Switch Fee
- Transfer Fee
- PDS Fee

Relationship between the Trustee and some service providers to the Fund

The Trustee undertakes to disclose all service providers who are associates of the Trustee. It also undertakes to treat all service providers equally and fairly regardless of their association with the Fund.

Stephen Heath is a Director of the Trustee of Smartsave 'Member's Choice' Superannuation Master Plan and also a partner of the legal firm Wallmans. Wallmans may provide some legal services to the Fund and receives fees on commercial terms for its services.

Enquiries and complaints

The Trustee has an established procedure for dealing with enquiries and complaints.

What is an Enquiry?

An enquiry is a request to answer any question or provide further information in relation to Smartsave. The Trustee is obliged to provide you with any information you may reasonably require to understand your benefits. Where your enquiry is straightforward it may be able to be dealt with by your contact person, ie:

Administration Manager
Tranzact Superannuation Services Pty Limited
Level 5
241 Castlereagh Street
Sydney NSW 2000

Phone: (02) 9236 5600
Fax: (02) 9236 5699
Email: admin@tranzact.com.au

If you do not receive a satisfactory response within 28 days, you should immediately contact the Trustee contact via the Complaints Officer (see below).

What is a Complaint?

A complaint is where you express dissatisfaction with some aspect of Smartsave's service to you or other decision relating to your interest in Smartsave.

Complaints are to be directed to the Trustee's Complaints Officer whose details are listed below. The Trustee has an internal dispute resolution system in place and all member complaints are reviewed. The Trustee will contact you within 90 days of the date the Trustee received your complaint.

Complaints Officer
Tidswell Financial Services Ltd
50 Hindmarsh Square
Adelaide SA 5000

Phone: (08) 8223 1676
Fax: (08) 8232 1675

Superannuation Complaints Tribunal

If you are not satisfied with the Trustee's handling of your complaint or the decision, or the Trustee fails to respond to the complaint to your satisfaction within 90 days, you may refer a complaint to the Superannuation Complaints Tribunal (Tribunal).

The Tribunal is an independent body set up by the Federal Government to assist members or beneficiaries to resolve certain types of complaints with trustees. You can telephone the Tribunal from anywhere in Australia on 1300 884 114. The postal address for the Tribunal is:

Superannuation Complaints Tribunal

GPO Locked Bag 3060
Melbourne VIC 3001

The Tribunal may be able to assist you to resolve your complaint, but only if you are not satisfied with the response resulting from the Trustee's handling of your complaint. The Tribunal cannot consider:

- complaints outside the Tribunal's jurisdiction, eg complaints about the general management of a fund;
- complaints that have not been dealt with by a fund's internal procedures; or
- complaints subject to Court proceedings.

If the Tribunal accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the Trustee in reaching a mutual agreement. If conciliation is unsuccessful, the complaint is referred to the Tribunal for a determination that is binding on all parties. However, a decision of the Tribunal may be appealed to the Administrative Appeals Tribunal or the Federal Court for review.

Financial Ombudsman Service

If you are not satisfied with the Trustee's response to your complaint and the complaint is outside the Tribunal's jurisdiction, you may be able to refer your complaint to the Financial Ombudsman Service (FOS). FOS is an independent external dispute resolution organisation which provides free dispute resolution services in relation to the provision of financial services.

If FOS accepts your complaint, it will attempt to resolve your dispute through negotiation or conciliation. If a satisfactory resolution cannot be reached using these methods, a FOS Panel or Adjudicator may make a determination. Determinations are binding on the provider of the financial services, but not on you.

Before you can refer your complaint to FOS you must have raised the issue with your financial services provider first, and your provider has 45 days to respond to the complaint. Please note that FOS can only deal with complaints within its monetary limits. For more information on the monetary limits that apply, please call FOS on 1300 780 808 or visit www.fos.org.au.

To refer a complaint to FOS, you must complete a Dispute Form and lodge it, together with any other documents relevant to your complaint, with FOS. A Dispute Form is available for download at www.fos.gov.au, or call 1300 780 808 to request a copy. The contact details for FOS are:

Financial Ombudsman Service
GPO Box 3
Melbourne, Victoria 3001

Phone 1300 780 808
Facsimile 03 9613 6399
Email info@fos.org.au
Website www.fos.org.au

Eligible rollover fund

In some situations, the Trustee may transfer your benefit to an eligible rollover fund. These situations include:

- if you are a member of Smartsave Personal Super, when your account balance is below $1,200;
- if you are a member of Smartsave Employer Super, when your account balance is below $1,200 and the Trustee has not received a contribution for you in the preceding 12 months; or
- subject to the requirements in relation to transferring account balances to the ATO (see below), if the Trustee determines to treat you as a lost member, that is:
  - one or more written communications to you are returned unclaimed; or
  - no contribution or rollover has been paid into your account for five years.

Once your benefit has been paid to an eligible rollover fund you will no longer be a Smartsave member and all insurance cover will cease. An eligible rollover fund must protect your benefit from further erosion caused by administration costs charged directly to your account but your account value can reduce due to negative investment returns and taxes.

The eligible rollover fund used by the Trustee is the Super Eligible Rollover Fund (SERF). The contact details for SERF are:

Administration Manager
Super Eligible Rollover Fund
Tranzact Superannuation Services Pty Ltd
PO Box 20314
WORLD SQUARE
SYDNEY NSW 2002

Telephone 02 9236 5600
Facsimile 02 9236 5699

SERF has different fees, costs and investments to Smartsave. SERF does not provide insurance benefits. For more information about SERF, contact SERF for a copy of its product disclosure statement. You may apply to the eligible rollover fund for the payment or transfer of your benefit at any time.

Amounts transferred to the ATO

We are required to transfer the account balance of a ‘lost’ member (see above) to the ATO where:

- the account balance is under $200; or
- the account has been inactive for 5 years and the trustee is satisfied that it will never be possible for the trustee (having regard to the information reasonably available to the it) to pay an amount to the member.

Former account holders will be able to reclaim their superannuation from the ATO at any time.

Privacy

We are committed to protecting the privacy of the personal information that you provide to us and we only collect personal information from you that is necessary for us to provide assistance to you. We need to collect the personal information requested to provide us with sufficient information to process your application to join Smartsave or to manage your participation in Smartsave. If you do not provide this information, we may not be able to process your application.

We will not pass on your personal information to any other body, unless:

- the law requires us to do so;
- we believe your Adviser (if applicable) needs the information and you have previously consented to information being provided to your Adviser;
- the Promoter, or a sub-promoter appointed by the Promoter, needs to send you promotional material (if you do not wish to receive promotional material, please contact and advise us at any time); or
- we need to disclose your personal information to agents that provide administration or specialist services to us. We require our agents to keep any personal information about an investor confidential and to only use it for the purposes of providing services to them.

From time to time, we might also be required to disclose information concerning you or your account to:

- your employer, if your employer has agreed to participate in Smartsave;
- your spouse and/or their legal adviser where a valid request for information is received under government legislation;
- the trustee of another fund where you request benefits to be transferred from that fund to your account or where you request us to transfer your account benefits to another fund;
- an insurer providing insurance benefits to members, when we receive an application from you for the purpose of providing you with insurance cover, an insurance claim or a claim for superannuation benefits based on medical grounds. The insurer may refer your health information to their health and medical experts for consideration;
- any deposit-taking institution to allow for the electronic transfer of funds; and
- regulators such as ASIC, the ATO, APRA and AUSTRAC.

You can also tell us at any time not to pass on your personal information for certain purposes, by advising us in writing.

If you would like a copy of the Privacy Policy or you would like to access the personal information that we have collected from you, please contact the Privacy Officer on (08) 8223 1676. If you wish to lodge a complaint about privacy please contact the Privacy Officer on the above telephone number.

To find out more about rights and remedies for breaches of privacy, you can visit the Privacy Commissioner's website at www.privacy.gov.au or contact the Privacy Commissioner's hotline on 1300 363 992.

Family Law and superannuation

Your superannuation interests may be divided by formal agreement or by a Family Court order. Interests may be divided in the accumulation phase (pre-retirement) either as an agreed amount or percentage. Interests may also be divided in the payment phase (when you are in receipt of a pension) as a percentage of the regular pension payments or as a lump sum. Only superannuation interests of $5,000 or above may be split.

As this legislation is complex, you should seek professional advice on the consequences of separation and divorce on your superannuation interests.

Policy committees

All employers who contribute to Smartsave for more than 49 employees are required to form a policy committee. Each policy committee consists of an equal number of employee representatives and employer representatives and the Trustee must ensure, so far as practicable, that the policy committee meets at least once in each 12 month period and must provide facilities reasonably necessary to enable the committee to meet and to function properly.

The policy committee is designed to provide an avenue for members to make enquiries regarding the operation and performance of Smartsave, including the investment strategy and objectives and for the Trustee to obtain the views of the members in respect of Smartsave. The employer nominates the employer representatives. The employees nominate the employee representatives. If more employee representatives are nominated than there are vacancies, a ballot must be held to decide who shall be the employee representatives.

Policy committees must also be established where an employer has between 4 and 50 members and at least 5 members request in writing that a policy committee be established. If there is a policy committee at your place of employment, the names of your policy committee representatives will be included on your Annual Statement of Benefits.

Further information

You are entitled to inspect certain documents associated with Smartsave's operation. These documents include Smartsave's annual returns, audited accounts, auditor's report and the trust deed. All requests for this information or other queries about your superannuation entitlements should be referred to:

Tidswell Financial Services Ltd
50 Hindmarsh Square
Adelaide SA 5000

Phone: (08) 8223 1676
Fax: (08) 8232 1675

Disclaimer

The intent of this Annual Report is to provide useful information, not investment or financial advice, and the information should not be construed as investment or financial advice. Each member is ultimately responsible for making his or her own investment decisions and obtaining whatever assistance he or she deems necessary. Neither the Trustee, the Custodian, the Promoter, the Administrator, the Insurer, any Fund Managers nor any service providers guarantee the investment returns in Smartsave.

The information in this Annual Report is of a general nature only and is not intended to be a complete or definitive statement of all matters outlined in it. The Trustee does not recommend that any member make decisions concerning superannuation arrangements based solely on this Annual Report. Formal legal documents, called the governing rules, and relevant legislation ultimately govern the operation of Smartsave. The central document is Smartsave's trust deed. Should there be any discrepancies between the information in this Annual Report and the governing rules, the governing rules will prevail. Whilst all due care has been taken in the preparation of this Annual Report, the Trustee reserves the right to correct any errors or omissions.

G I S
Concepts