



Life insurance through superannuation

Annual Report

1 July 2012 to 30 June 2013
Issued December 2013

Contents

Annual Report

About OnePath	2
OnePath MasterFund	3
About this Annual Report	3
Abridged statement of net assets	5
Abridged statement of changes in net assets	6
Contributing to your superannuation	7
Federal Budget update	8
Other information	8

About OnePath

Helping you shape and protect your future

OnePath is one of Australia's leading providers of wealth, insurance and advice solutions. We have been helping Australians grow and protect their wealth for over 130 years, previously as Mercantile Mutual and more recently as ING Australia.

The OnePath entities are wholly owned subsidiaries of Australia and New Zealand Banking Group Limited (ANZ) and are part of ANZ's Global Wealth division.

ANZ is committed to building lasting partnerships with our customers, shareholders and communities in 32 countries in Australia, New Zealand, throughout Asia and the Pacific, and in the Middle East, Europe and America. We provide a range of banking and financial products and services to around eight million customers and employ 48,000 people worldwide.

OnePath has a comprehensive range of wealth and insurance products available through financial advisers or direct to customers making it easier for you to find the solution that best suits your needs.

At OnePath we value and appreciate our customers, our staff and the communities we operate in. We are committed to acting with the highest standards and to meeting our corporate responsibilities. We also encourage and support staff involvement in volunteering and charitable activities supporting the wider community.

OnePath actively participates in forums looking at regulatory and industry change. We also regularly review and conduct research to ensure we are attuned to changing customer and market needs.

OnePath MasterFund

The OnePath MasterFund ABN 53 789 980 697, RSE R1001525, SFN 292 916 944 (the Fund) is a public offer superannuation fund that has a range of products offering investment and insurance.

Fund Membership

This Annual Report applies to members of the Fund who hold the following products: OneCare Super, World of Protection Leading Life, Occidental Pacesetter, Occidental TDD Pacesetter, Occidental Trendsetter, Occidental TDD Trendsetter, Merc Term Life, Yearly Renewable Term, Regal Decreasing Term, Hi-Flex Term, Regal Pacesetter, Regal Level Term, Decreasing Term, Double Indemnity, Essential Life, Essential 2 Term Life, Term Life Insurance, Family Protection, Mortgage Protection, Level Term, Linear Decreasing Term, and Parabola Decreasing Term.

Members are provided with insurance cover through their product. OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673) (OnePath Custodians or Trustee), the trustee of the Fund, acquires an insurance policy issued by OnePath Life Limited (ABN 33 009 657 176, AFSL 238341) (OnePath Life) on the member's behalf and is the owner of the insurance policy.

Trustee

OnePath Custodians is the Trustee of the Fund and issuer of this Annual Report.

Your membership in the Fund provides insurance benefits only by way of an insurance policy issued to the Trustee by OnePath Life.

The Trustee also issues another Annual Report for the Fund, tailored for members of other superannuation products within the Fund.

The Trustee has indemnity insurance cover in respect of its trusteeship of the Fund.

Trust Deed

The Fund is governed by a Trust Deed, a copy of which is available upon request by contacting Customer Services on 133 667.

Auditor

KPMG is the auditor of the Fund, reviewing whether certain requirements of the superannuation laws are met. If you would like a copy of the audited financial reports and auditor's reports, please contact Customer Services on 133 667 or visit onepath.com.au

About this Annual Report

In this Annual Report, the terms 'we', 'us' and 'our' refer to OnePath Custodians. The information in this document is current as at 30 June 2013, but may be subject to change. Updated information will be available free of charge by contacting Customer Services on 133 667.

The information contained in this document is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, you should consider the appropriateness of the information, having regard to your needs, financial circumstances and objective.

You should read the relevant Product Disclosure Statement (PDS) available at onepath.com.au or the policy documents issued to you and consider if the particular product is right for you before making a decision to acquire or continue to hold the product.

Trustee's investment objectives and strategies

Through a superannuation arrangement, your membership may provide insurance cover in the event of your death, total and permanent disablement, total or partial disablement or terminal illness (as applicable to your policy).

The premiums for the insurance policy are paid by the contributions that you, your spouse, or your employer make to the Fund. It is important that you continue to make contributions to fund the insurance premiums. If you do not pay the premiums, the policy held on your behalf will be cancelled and the insurance will cease.

Unlike some superannuation products, the product you hold is not an investment product and so the Fund's investment objectives, investment strategy and policy on the use of derivatives do not apply. The amount of your contributions will be equal to the premium paid by the Trustee to OnePath Life and you will not have an accumulation balance as part of your interest in the OnePath MasterFund.

Reserves

The Trust Deed of the Fund allows it to maintain reserves. Currently, the Fund maintains a reserve that includes permanent tax differences which have not been allocated to members.

Monies held by the Fund as a reserve are invested by the Trustee in an interest bearing bank account. Prior to financial year 2013, the reserve balance was held outside of the OnePath MasterFund.

The reserve balance is as follows:

	2013 \$'000	2012 \$'000	2011 \$'000
Amount at the start of the year	3,722	2,122	1,462
Transfers into reserves and interest earned	1,793	1,600	660
Amount at the end of the year	5,515	3,722	2,122

Allocation of fees

All fees and charges are included in the premium paid under the life insurance policy held on your behalf.

Information about your membership

Each year we send you information about the benefits provided by your membership. Prior to the renewal date of the policy held on your behalf, we send you a notice confirming the amount of your insurance cover as well as the premiums payable for the coming year. You should retain this notice as an up-to-date record of your member benefits. We will also send you an annual statement of benefits as at 30 June each year.

If during the last financial year your super plan provided an Income Protection benefit in the event of you being totally or partially disabled, and you successfully made a claim, the plan's insurer will issue you with a summary of payments made and any tax deducted. That summary should be read in conjunction with your annual statement and other communications.

If you have any questions about this Annual Report or require further information about your policy, please speak to your financial adviser or call Customer Services on 133 667.

Confirming transactions

You can request confirmation of your transactions and any other information about your insurance in the following ways:

- Call Customer Services on 133 667 and have your query answered over the phone or ask for written confirmation of your recent transactions to be sent to you.
- Email us at customer.risk@onepath.com.au

Incorrect tax file numbers

Each year, the Australian Taxation Office (ATO) will notify us of any incorrect tax file numbers (TFNs) that we have recorded on our system. If your TFN is incorrect, we will endeavour to contact you or your employer for the correct TFN.

You are not obligated to provide your TFN and declining to quote your TFN is not an offence. However, if we are unable to obtain a correct TFN for you:

- your incorrect TFN will be removed from our system
- we will be required to refund any member contributions received
- any insurance cover linked to your superannuation may be cancelled, as there may be insufficient funds to meet premium obligations.

You may also receive notification from the ATO, advising that we hold an incorrect TFN for you and what the tax consequences of this may be.

Change of personal details

It is important that we always have your current details on record so that we can keep you informed about your superannuation and pay any benefits directly to you.

Please notify Customer Services on 133 667 if you have moved or wish to change your beneficiary details.

If two items of written communication sent to your last known address are returned to us as unclaimed mail, we may classify you as a lost member.

Abridged statement of net assets

OnePath MasterFund

Abridged statement of net assets as at 30 June

	2013 \$ millions	2012 \$ millions
Assets		
Cash and cash equivalents	6	2
Investments		
Units in unlisted unit trusts	165	22
Life insurance policies	28,950	26,037
	29,115	26,059
Receivables		
Contributions receivable	86	53
Fee rebates receivable	15	11
Distributions receivable	10	-
Other receivables	6	-
	117	64
Total assets	29,238	26,125
Less:		
Liabilities		
Payables		
Benefits payable	47	29
Administration fees and expenses payable	26	26
Insurance premiums payable	7	5
Limited recourse loan	1	1
	81	61
Tax liabilities		
Current tax liability	21	23
Total liabilities	102	84
Net assets available to pay benefits	29,136	26,041
Represented by:		
Liability for accrued benefits		
Allocated to members' accounts	29,130	26,041
Unallocated amounts	6	-
	29,136	26,041

Abridged statement of changes in net assets

OnePath MasterFund

Abridged statement of changes in net assets for the year ended 30 June

	2013 \$ millions	2012 \$ millions
Revenue		
Investment revenue		
Distributions	11	-
Movements in net market value of investments	3,336	(445)
	3,347	(445)
Contributions		
Employer contributions	1,595	1,668
Member contributions	673	597
Transfers from other funds	1,740	1,612
Other contributions	12	17
	4,020	3,894
Other revenue		
Fee rebates	84	72
Proceeds from insurance claims	91	90
Other	12	3
	187	165
Total revenue	7,554	3,614
Benefits expense	3,859	3,448
Other expenses		
Administration fees	75	74
Adviser service fees	65	55
Insurance premiums	244	226
	384	355
Total expenses	4,243	3,803
Benefits accrued as a result of operations before income tax	3,311	(189)
Income tax expense/(benefit) attributable to benefits accrued as a result of operations	216	226
Benefits accrued as a result of operations	3,095	(415)

Contributing to your superannuation

The rules surrounding contributions to superannuation can be quite complex. We suggest you speak to your financial adviser for clarification on who can contribute and the types of contributions accepted by the Fund.

Generally, your account is unable to accept rollovers from external superannuation funds. As a result, premiums must be paid through contributions or by transfer from a specified list of OnePath superannuation products (please refer to the PDS for further details). If you are not eligible to make new contributions, you will not be able to maintain your insurance through the Fund, but you may have an option to replace it with a non-superannuation policy. Your financial adviser can explain the options available to you.

Who can make contributions

Under current superannuation laws, a regulated superannuation fund may accept contributions from members as follows. (Please ensure that any contributions made to the Fund are made in accordance with these rules.)

Generally, there are caps that limit the amount of superannuation contributions you can make in a financial year. If you exceed these caps, there may be taxation consequences.

Under 65

If you are under 65 years of age, you, your spouse, employer or a third party may make contributions into your superannuation account.

At least 65 but under 70

If you are at least 65 years of age but under 70, you, your spouse, employer or a third party may make contributions into your superannuation account provided that you've met the 'Work Test'[#].

If you haven't met the 'Work Test', then a contribution can only be accepted if it is a mandated employer contribution[†].

At least 70 but under 75 (or contribution is received on or before the 28th day after the end of the month in which you turn age 75)

If you are at least 70 years of age but under 75, you and your employer may make contributions into your superannuation account provided that you've met the 'Work Test'.

If you haven't met the 'Work Test', then a contribution can only be accepted if it is a mandated employer contribution[†].

75 and over (and the contribution is not received on or before the 28th day after the end of the month in which you turn age 75)

If you are 75 years of age and over, only mandated employer contributions[†] can be made.

To find out more, please speak to your financial adviser or call Customer Services on 133 667.

Superannuation surcharge

The Federal Government abolished the superannuation surcharge payable on an individual's surchargeable contributions and relevant termination payments made from 1 July 2005. The following reflects how the surcharge applies to contributions received prior to 1 July 2005. Please consult your financial adviser for further information.

Current members

Where your membership is active we receive a surcharge assessment from the ATO for contributions you have made to the Fund for your life insurance policy premium, the surcharge is paid by the Fund.

Former members

If your membership is no longer in force when we receive the surcharge assessment from the ATO, the surcharge will not be paid by the Fund. We are required to inform the ATO, who will then forward the surcharge assessment to you for payment. The ATO will send you a copy of the surcharge assessment so that you can check that the figures they have used in calculating the surcharge are correct.

[#] 'Work Test' means you've been gainfully employed* for at least 40 hours during any 30 consecutive day period in that financial year (1 July to 30 June).

* 'Gainfully employed' means being employed or self-employed for gain or reward in any business, trade profession, vocation, calling, occupation or employment.

[†] A 'mandated employer contribution' is one by, or on behalf of, an employer which:

- reduces the employer's potential liability for the Superannuation Guarantee charge
- is a payment of a shortfall component
- 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.

Federal Budget update

Several important changes to your super have been legislated by the Government. Below is an update of the changes.

Change to contributions cap

The concessional contributions cap in 2013/14 is \$25,000 for people under age 60 as at 30 June 2014.

A higher concessional contributions cap of \$35,000 has been legislated from 1 July 2013 for people aged 60 and over as at 30 June 2014. From 1 July 2014, this has been extended to people aged 50 and over as at 30 June 2015.

Earlier proposals which are now law

Increased contributions tax for very high income earners

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

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

Reduction to government co-contribution amounts

Reductions to the co-contribution scheme have been legislated from 1 July 2012. The maximum co-contribution is to reduce from \$1,000 to \$500, the co-contribution rate is to reduce from \$1.00 to \$0.50 and the higher income threshold is to decrease from \$61,920 to \$46,920 for 2012/13.

Changes to excess concessional contributions

From 1 July 2013, excess concessional contributions will be included in an individual's assessable income and taxed at their marginal tax rate. An individual will be entitled to a tax offset equal to 15% of their excess concessional contributions. An interest charge also applies to account for the deferral of tax. Individuals can elect to withdraw up to 85% of their excess concessional contributions from their superannuation. Any concessional contributions in excess of the cap not effectively withdrawn will also count toward the non-concessional contributions cap.

Superannuation Guarantee increased and age limit abolished

The Superannuation Guarantee (SG) rate is 9.25% for 2013/14 and will rise progressively to 12% by 2019/20.

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

Other information

Eligible Rollover Fund

OnePath Custodians, as trustee of the OnePath MasterFund, has chosen the Australian Eligible Rollover Fund (AERF) as the Fund to which member benefits will be transferred in certain circumstances. For example, member benefits may be transferred where:

- there is a premium refund and you have not met a condition of release and do not elect to transfer your benefits to another eligible superannuation fund;
- we lose contact with you.

The details of the Trustee's nominated Eligible Rollover Fund are:

Australian Eligible Rollover Fund
Jacques Martin Administration and Consulting Pty Limited
Locked Bag 5429
Parramatta NSW 2124
Phone 1800 677 424

We will notify you if the Eligible Rollover Fund changes in the future.

Before transferring your superannuation benefits to the AERF, the Trustee will attempt to communicate the proposed transfer to you and provide you with an option to nominate another fund.

Once you are transferred to the AERF, you may contact the AERF to claim your benefits or nominate another fund.

If your benefits are transferred to the AERF:

- you will cease to be a member of the OnePath MasterFund and you will become a member of the AERF, meaning that you will be subject to its governing rules, including a different fee structure
- your benefits will be 'member protected' meaning that, generally, administration charges cannot exceed investment earnings on your account in a reporting period. However, other costs, such as taxes, may be deducted. Members' benefits will not be protected against negative returns
- your account will be invested according to the investment strategy of the AERF
- the AERF may not accept any ongoing contributions from you or your employer
- the AERF may not offer insurance benefits. Any insurance cover you had as part of your interest in the OnePath MasterFund will cease.

You should read the AERF PDS or speak to your financial planner before making any decision.

Customer concerns

We pride ourselves on our customer service and will endeavor to solve your concerns quickly and fairly. If you have an enquiry or complaint regarding your benefit, you should address your enquiry or complaint to:

The Complaints Resolution Manager
OnePath Life
GPO Box 5306
Sydney NSW 2001

Further help options

If you are not satisfied with the outcome of your complaint, you can contact one of the below services which are free dispute resolution services external to OnePath. Please note that before they can investigate your complaint, they generally require you to have first provided us with the opportunity to address the complaint.

Superannuation Complaints Tribunal (SCT)

For superannuation related complaints

The SCT is a statutory body that deals with complaints about the decisions and conduct of superannuation providers, including trustees of super funds, relating to members, but not in relation to decisions and conduct relating to the management of a fund as a whole.

Write to:
Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001

Phone 1300 884 114
Fax 03 8635 5588

Email info@sct.gov.au
Website www.sct.gov.au

If your complaint is outside the jurisdiction of the SCT, you may have the right to take your complaint to the Financial Ombudsman Service (FOS).

Financial Ombudsman Service (FOS)

For complaints that do not relate to superannuation

FOS is an external dispute resolution scheme that was established to provide free advice and assistance to consumers to help them in resolving complaints relating to members of the financial services industry, including life insurance companies, superannuation providers, financial planners, investment managers, general insurance companies and their agents.

Write to:
Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001

Contact details

Organisation	Contact
Trustee	
OnePath Custodians Pty Limited	GPO Box 4148 Sydney NSW 2001 Phone 133 667
Insurer/Administrator	
OnePath Life Limited	GPO Box 4148 Sydney NSW 2001 Phone 133 667
Auditor	
KPMG	PO Box H67 Australia Square Sydney NSW 1213 Phone 02 9335 7000

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Customer Services

Phone 133 667

Fax 02 9262 5319

Email customer.risk@onepath.com.au

Postal address

OnePath Custodians Pty Limited

GPO Box 4148

Sydney NSW 2001

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