

SUPERANNUATION

## Annual Report

### TOWER Employer Sponsored Superannuation Fund

YEAR ENDED 30 JUNE 2009





## Introduction

This Annual Report for the TOWER Employer Sponsored Superannuation Fund is for the financial year ended 30 June 2009 and is provided by the Trustee of the fund, TOWER Australian Superannuation Limited. It includes details about the fund's performance, investment objectives and other fund information. Please read it in conjunction with your Annual Statement and the TOWER newsletter. Your Annual Statement details your specific entitlements under the Fund.

If you'd like a printed copy of this report or have any questions, please call us on 1800 226 364 or by emailing [customerservice@toweraustralia.com.au](mailto:customerservice@toweraustralia.com.au)

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Whether you've just started working or are nearing retirement age, keeping track of your superannuation is important. Review your investment strategy regularly and make sure details such as your beneficiaries are up to date.

#### Keep your superannuation up to date

A superannuation portfolio is often a major part of a long-term savings plan which is why it's important to review your investment strategy regularly. Your investment strategy has a significant impact on your final superannuation balance so it's a good idea to keep on top of your superannuation and consult a financial adviser if you need to. If you don't have a financial adviser, please contact us and we'll put you in touch with one.

Don't forget to let us know any changes to your account details such as your address so we can keep you up to date on your superannuation.

#### How to nominate or update your beneficiaries

Understanding who receives your superannuation benefit (and any applicable insurance) in the event of your death is important. Under the Fund rules, the Trustee has a discretion to determine to whom and in what proportions any death benefit is payable. You may, however, nominate dependants as your preferred beneficiaries and the Trustee will take into account your wishes in the event of your death.

To nominate or update your beneficiary details please complete the 'Death Benefit Nomination Form' which can be downloaded from the webpage [www.toweraustralia.com.au/assetmgmt/disclosure.asp](http://www.toweraustralia.com.au/assetmgmt/disclosure.asp) Please download the form titled 'Death Benefit Nomination Form (TOWER Employer Sponsored Superannuation Fund)' which is applicable to your Fund. Alternatively, you can contact us on 1800 226 364 or via email at [customerservice@toweraustralia.com.au](mailto:customerservice@toweraustralia.com.au) to obtain a copy of the form.



# YOUR SUPERANNUATION STRATEGY

This section details the performance of the Fund's investment options as well as each investment option's strategy, objective, asset allocation and other important investment information.

### Investment performance

The calculation of investment performance is based on the movement of unit prices for the unit-linked investment options over the period reported. The returns shown below are calculated after the deduction of any tax, asset management charge and investment costs attributable to the investment option, and before the deduction of any other fees and the calculation of rebates that may be applicable to your policy. Performance returns are the annual returns for the investment option as a whole.

Current performance returns are updated at the end of each month and may be obtained by contacting us on 1800 226 364 or visiting our website at [www.toweraustralia.com.au](http://www.toweraustralia.com.au)

**Your individual returns after taking into account transactions throughout the reporting period are detailed in your Annual Statement.**

Product	Investment option	Investment performance as at 30 June				
		Yearly returns (%) for period ending 30 June				
		2009	2008	2007	2006	2005
Private Superannuation Plan	Australian Shares	-18.0	-13.0	24.2	17.3	19.8
Personal Superannuation Plan	Capital Protected	-3.6	-4.2	5.7	4.4	5.4
(on that part of your account balance receiving regular contributions)	Cash	2.4	3.8	2.9	2.5	2.6
	Diversified	-9.5	-8.9	10.1	8.2	9.3
	Performance	-13.9	-12.6	12.0	11.0	9.5
Private Superannuation Plan	Australian Shares	-18.7	-13.7	23.2	16.4	18.8
Personal Superannuation Plan	Capital Protected	-4.2	-4.8	4.8	3.7	4.6
(on that part of your account balance with reduced or suspended regular contributions)	Cash	1.7	3.0	2.1	1.7	1.8
	Diversified	-10.2	-9.6	9.2	7.3	8.5
	Performance	-14.6	-13.3	11.2	10.1	8.6

Past investment performance is not a guarantee of future investment performance.

# INVESTMENT INFORMATION

## Trustee's investment objective and strategy

The Trustee's investment objective is to provide a product with suitable investment options from which all members can select investments which are broadly suitable for their personal circumstances at any particular time.

The Trustee's investment strategy is to invest in insurance policies issued by TOWER, which provide investment options consistent with the Trustee's investment objective.

The investment objective and strategy for each investment option is consistent with the Trustee's investment objective and strategy for the Fund.

## Investment option details

Australian Shares			
<b>Investment objective</b>	The option aims to provide high investment growth over the long term from a portfolio of Australian shares.		
<b>Investment strategy</b>	The option invests in a range of Australian shares.		
<b>Investment timeframe</b>	Long term; 5 years+		
<b>Risk and return profile</b>	High		
<b>Asset allocation</b>	<b>Asset class</b>	<b>2009 (%)</b>	<b>2008(%)</b>
	Australian shares	100	100

Capital Protected			
<b>Investment objective</b>	The option aims to provide modest investment growth over the medium term from a portfolio that invests in a range of asset classes.		
<b>Investment strategy</b>	The option invests in a range of asset classes, with a strong emphasis on defensive assets such as cash and fixed interest.		
<b>Investment timeframe</b>	Medium term; 3 years+		
<b>Risk and return profile</b>	Low to moderate		
<b>Asset allocation</b>	<b>Asset class</b>	<b>2009 (%)</b>	<b>2008 (%)</b>
	Australian fixed interest	29	31
	Australian shares	17	15
	International fixed interest	16	15
	International shares	9	9
	Property	3	4
	Short-term securities and cash	26	26

Cash			
<b>Investment objective</b>	The option aims to provide cash returns over the short term from a portfolio which invests entirely in short-term securities and cash.		
<b>Investment strategy</b>	The option invests in short-term securities and cash.		
<b>Investment timeframe</b>	Short-term; 1 year		
<b>Risk and return profile</b>	Low		
<b>Asset allocation</b>	<b>Asset class</b>	<b>2009 (%)</b>	<b>2008 (%)</b>
	Short-term securities and cash	100	100

Diversified			
<b>Investment objective</b>	The option aims to provide moderate investment growth over the medium to long term from a portfolio that invests in a range of asset classes.		
<b>Investment strategy</b>	The option invests in a range of asset classes, with a broadly equal weighting to growth and defensive assets.		
<b>Investment timeframe</b>	Medium to long term; 3-5 years		
<b>Risk and return profile</b>	Moderate		
<b>Asset allocation</b>	<b>Asset class</b>	<b>2009 (%)</b>	<b>2008 (%)</b>
	Australian fixed interest	20	21
	Australian shares	27	26
	International fixed interest	17	16
	International shares	15	14
	Property	5	7
	Short-term securities and cash	16	16

Performance			
<b>Investment objective</b>	The option aims to provide moderate to high investment growth over the long term from a portfolio that invests in a range of asset classes.		
<b>Investment strategy</b>	The option invests in a range of asset classes, with a strong emphasis on growth assets such as shares and property.		
<b>Investment timeframe</b>	Long term; 5 years+		
<b>Risk and return profile</b>	Moderate to high		
<b>Asset allocation</b>	<b>Asset class</b>	<b>2009 (%)</b>	<b>2008 (%)</b>
	Australian fixed interest	18	21
	Australian shares	39	36
	International fixed interest	8	8
	International shares	25	24
	Property	7	8
	Short-term securities and cash	3	3

## Other investment information

### Asset allocations and benchmarks

Asset allocations for 30 June 2009 and 2008 for each of the investment options are shown on pages 4 to 5 and have been rounded to the nearest whole percentage point. The actual allocations may vary from time to time due to market fluctuations and investment decisions.

A limited portion of the investment portfolios may be held as cash for liquidity or other investment purposes from time to time. This cash holding is included in the asset class specified in the manager's mandate. For example, a specialist shares manager may hold some cash (within specified limits) and this would be classified as shares.

If you need further information about asset allocation benchmarks and minimum and maximum ranges, please contact your financial adviser, call us on 1800 226 364 or visit the website at [www.toweraustralia.com.au](http://www.toweraustralia.com.au)

### Risk and return profile

Volatility can be simply defined as fluctuations in the returns of an investment and is the most common way to measure the risk associated with certain asset classes. An investment which is more volatile than another is said to be riskier. This is because the greater the volatility of an investment, the greater the chance that its return could be less than expected.

It is widely accepted that over long periods of time, a relationship exists between the risk and return of each investment option. Generally, the investment options with the potential for earning higher returns carry a higher risk (ie have higher volatility of returns).

If you would like details for each of the investment options available to you as a member of the Fund (including asset allocation benchmarks and ranges) contact us on 1800 226 364 or visit the website at [www.toweraustralia.com.au](http://www.toweraustralia.com.au)

### Multi-manager investment style

TOWER's multi-manager investment options are managed by Russell Investment Management Ltd, ABN 53 068 338 974 (Russell). Russell selects the underlying investment managers for its funds and regularly monitors the investment managers ensuring the investment options continue to meet investment objectives.

Multi-manager investing involves selecting quality specialist investment managers from around the world to manage some assets in the investment options. Russell conducts a wide range of research, and has access to superior market information and a broad skill base for investment decision making.

### Labour standards and environmental, social and ethical considerations

Labour standards, environmental, social, or ethical considerations are not taken into account for the purpose of selecting, retaining, or realising an investment. Underlying investment managers may or may not take these considerations into account.

### Investment in derivatives

Derivatives such as futures, forwards, options and swaps (as applicable) may be used, within agreed limits, by the underlying investment managers in managing the various asset classes.

TOWER's Derivative Risk Statement (DRS) contains information about our approach to the use of derivatives. If you would like a copy of this, please contact us or visit [www.toweraustralia.com.au/assetmgt/riskmgt.asp](http://www.toweraustralia.com.au/assetmgt/riskmgt.asp) where a copy of the DRS can be accessed.

## Processing of contributions and withdrawals

We reserve the right to suspend the processing of all contributions or withdrawals under certain market conditions or extraordinary circumstances, if in our opinion, to continue processing would not be in the best interests of members.

If the suspension on withdrawals continues for a long period, the Trustee must seek approval from the Australian Prudential Regulation Authority (APRA).

Please note that before you rollover, transfer or withdraw a benefit you can ask us for any assistance or information on anything you are unsure of, including benefits, fees and charges, or the possible effects of rolling over/transferring your benefit.

## Unit pricing

### Benefit payments

TOWER's current procedure is to calculate the withdrawal value using the latest available unit price at the time of calculating the payment. Our current process has been updated and may differ from the benefit calculation procedure in your original product terms.

### Adjustments

Unfortunately from time to time an error may occur in the calculation of a unit price. When a material error has been identified, TOWER will adjust members' accounts as follows:

- for members who are still current, we will adjust your investment to ensure it is in the position it should have been had the error not occurred; and
- for members who have exited, compensation may be paid where the adjustment is at least \$20. Amounts less than \$20 will remain in the Fund.

Where an exited member has been overpaid, TOWER may seek to recover the overpayment from the Trustee. In these circumstances, the Trustee reserves its right to recover the overpayment from the exited member.

## Fees

We will provide you with at least 30 days notice before introducing any additional fee(s) or before any increases (other than Consumer Price Index increases) to existing fees.

## Lost members

The Australian Taxation Office (ATO) maintains a register of 'lost members'. Members may search this register to help trace any superannuation entitlements that may have been transferred to an eligible rollover fund. It is important to ensure that we are always advised of any change of address.

## Unclaimed benefits

In some circumstances, your benefit in the Fund may become subject to the unclaimed money laws.

For example, if you reach the prescribed age (ie 65 years of age) and a benefit from the Fund is to be paid to you but we have not received any contributions or rollovers into your account in the last two years and, after making reasonable efforts and after five (5) years, we are unable to contact you about the benefit payable, your benefit will be considered as an unclaimed benefit.

We must pay unclaimed benefits to the ATO.

To claim any benefit transferred to the ATO, you or your dependants will need to contact the unclaimed money service of the ATO. The contact details are:

Call 13 10 20  
Website [www.ato.gov.au](http://www.ato.gov.au)

On transfer to the ATO, any benefit entitlement (including any insurance protection benefit, if applicable) that you have in the Fund will cease.

## Superannuation surcharge

The Government abolished the superannuation surcharge with effect from 1 July 2005, however if an assessment is still outstanding, the surcharge will be deducted from your account balance. Details of any such deduction will be shown on your Annual Statement.

# HOW WE MANAGE YOUR SUPERANNUATION

## Approved eligible rollover fund

We are required by superannuation law to select an eligible rollover fund (ERF) to which we may transfer your withdrawal benefit in certain circumstances including if:

- your address details have never been provided to us; or
- we have sent to you one item of written communication which has been returned as unclaimed mail.

Small accounts of \$1,000 or less may also be transferred to the ERF. If we pay your benefit to the ERF, you cease to be a member of the Fund and become a member of the ERF. On transfer to the ERF, any benefit entitlement (including any insurance protection benefit) that you have in the Fund ceases. You are able to transfer or withdraw your benefit from the ERF as the governing legislation permits.

The Trustee has nominated the Australian Eligible Rollover Fund as the Fund's ERF. The contact details are:

Australian Eligible Rollover Fund  
Locked Bag 5429  
Parramatta NSW 2124  
1800 677 424



## The Fund

The products listed on the inside cover of this Annual Report are part of the TOWER Employer Sponsored Superannuation Fund, which is a complying superannuation fund under the Superannuation Industry (Supervision) Act 1993.

## The Trustee

The Trustee, TOWER Australian Superannuation Limited, currently has an approved guarantee from the National Australia Bank. Under this agreement, all liabilities of the Trustee incurred as a result of the Trustee fulfilling its duties to the TOWER Employer Sponsored Superannuation Fund (and other superannuation entities of which it is Trustee) are guaranteed by the National Australia Bank. This guarantee extends up to the amount of \$5 million. A copy of the approved guarantee is available for review upon request by contacting us.

## Indemnity insurance

The Trustee is covered under a professional indemnity insurance policy.

## Trust deed

A legal document called a trust deed sets out the provisions that govern the Fund. The Trustee is responsible for ensuring that the Fund operates according to the trust deed and the accompanying rules and that it complies with all relevant superannuation law.

Members may inspect the trust deed at any time by arrangement with us (see Directory on the inside cover for contact details).

## Fund review date

The annual fund review date is 30 June. This is the date each year when your account balance is valued specifically for the purpose of:

- determining and reporting your benefits to you (ie as at the end of the reporting period), as required by law;
- and
- preparing the Fund's financial accounts (see 'Financial Information' for further information) and annual return to APRA.

## Financial information

The financial accounts of the Fund are prepared in accordance with the Australian Accounting Standard AAS25 *Financial Reporting by Superannuation Plans* and within the provisions of the trust deed and relevant legislative requirements.

Members' benefits in the Fund are wholly determined by reference to life insurance policies. This means that the Fund is exempt from providing the following information to members:

- audited fund accounts, auditor's report or abridged financial information;
- statement of assets; and
- details of any assets (or group of associated assets) which exceed 5% of the value of the Fund.

All expenses incurred by the Trustee of the Fund to date have been borne by us, and reflected in the charges appropriate to the life insurance policies within the Fund. The Trustee is entitled (and may commence) to recover reasonable expenses from the Fund by giving 30 days notice to members. Any such expense recoveries may be made by deducting the relevant amounts from the Fund's assets as a whole.

# FUND INFORMATION

At TOWER we pride ourselves on our high standards of customer service. If you have any questions about your TOWER product, we're here to help.

### Contact us

- call us on 1800 226 364 Monday – Friday 8:30am-6:00pm (EST)
- email us at [customerservice@toweraustralia.com.au](mailto:customerservice@toweraustralia.com.au) quoting your policy number
- write to us at the following address quoting your policy number

TOWER Australia Limited  
PO Box 142  
Milsons Point NSW 1565

### Complaints

If you have a complaint about the Fund please put it in writing and send it to the following address:

TOWER Complaints Manager  
TOWER Australia Limited  
PO Box 142  
Milsons Point NSW 1565

If your complaint has not been resolved to your satisfaction within 90 days of lodging your complaint, you may refer your complaint in writing to the Superannuation Complaints Tribunal (SCT), at the following address:

Superannuation Complaints Tribunal  
Locked Bag 3060  
GPO Melbourne VIC 3001

Call 1300 780 808  
Email [info@sct.gov.au](mailto:info@sct.gov.au)  
Website [www.sct.gov.au](http://www.sct.gov.au)

### About the Superannuation Complaints Tribunal

The SCT is an independent body established by the Commonwealth Government to review unresolved complaints arising from trustee decisions relating to its members as opposed to trustee decisions about the management and operation of a superannuation fund as a whole. The objective of the SCT is to provide a fair, timely and economical means of resolution of complaints as an alternative to the court system. The SCT cannot consider complaints that have not been first referred to a trustee's complaint resolution process.



# CONTACT DETAILS



**Superannuation Fund:**

TOWER Employer Sponsored Superannuation Fund  
ABN 26 376 828 806  
SFN 160586

**Issuer and Trustee:**

TOWER Australian Superannuation Limited  
ABN 69 003 059 407  
AFSL No. 237851  
Prepared and Issued – August 2009

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