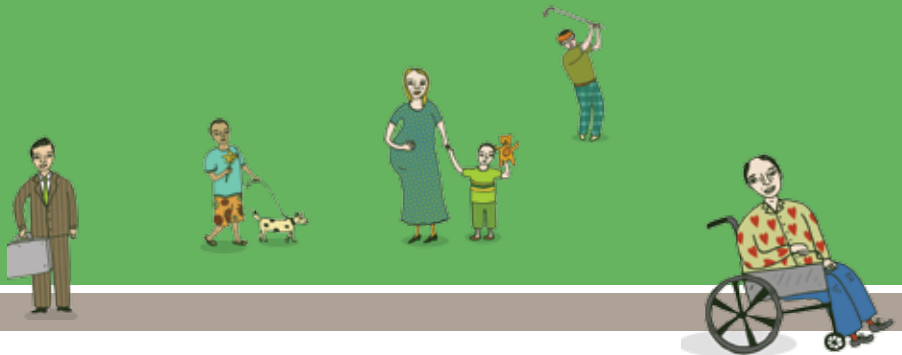


LIFE INSURANCE

TOWER Newsletter

1 July 2009



Message from TOWER



Dear Member,

Welcome to the TOWER end of financial year life insurance newsletter. Each year we write to you to inform you of any changes that might impact the insurance cover you hold through your superannuation plan. The following pages provide you with a summary of these changes.

This year we have included an overview of who will receive insurance benefits in the event of a claim. It is very important that you are aware of this information and the ramifications it may have on who would receive your insurance benefits in the unfortunate event that you make a claim.

TOWER remains strong

The TOWER Australia Group's financial performance remains strong, as measured by our A- positive outlook from independent ratings house Standard & Poor's. We remain Australia's fourth largest life insurer, and the only specialist life insurer listed on the Australian Stock Exchange.

TOWER sees life insurance as being a social benefit through the payment of claims to provide financial help to individuals and families in often difficult and stressful times. During the past year TOWER paid total claims of more than \$300 million in instances of death, critical illness and total and permanent disability.

You will also notice a new 'look' for this newsletter. Over coming months TOWER will be transitioning its communications to adopt a bold, new illustrative brand look and feel. This new-look branding has been inspired by 'personal life journeys' and illustrates life stages and the unique stories of our customers. We hope you like it.

Thank you for trusting TOWER with your life insurance. It's a responsibility we take very seriously.

Yours sincerely,



Brett Clark
CEO Retail Life
TOWER Australia Limited

TOWER's accolades in 2009

In 2009 TOWER was announced as winners of the best 'Income Protection' and 'Term Life and Total and Permanent Disability' product awards by Money Magazine.

2009 Money Magazine Awards



Gold Winner
Best Term Life and Total & Permanent Disability Product –
TOWER Protection Policy



Gold Winner
Best Income Protection (Best Featured) Product –
Accelerate



The value of insurance

Life insurance gives the comfort of financial protection to you and those you care about. Your life insurance cover provides certainty to your loved ones should you die and income protection provides financial assurance should you lose your ability to work and earn an income due to accident or illness. Life insurance means that you don't need to jeopardise the assets and dreams you have worked hard for such as your home, your aspirations for your children's future as well as your lifestyle.

As the economy and investment markets continue to leave us guessing, it's reassuring to know that your insurance provides a valuable guaranteed benefit. It is an investment in your future and your financial security that is valuable to maintain now and into the future.

How much is enough?

It's important to regularly assess your level of cover. You need to consider if your level of cover is keeping pace with changes to your lifestyle and personal circumstances?

A new job and salary increase, marriage, children, a new mortgage or divorce – all change your need for insurance, the structure of your plan and potentially who you would like to benefit. Ask if your policy offers guaranteed future insurability benefits which mean that regardless of changes to your health, you can increase your level of insurance cover to keep pace with changes in your life.

Who will receive your insurance benefits?

Superannuation laws that govern insurance policies held through superannuation can be confusing and it is easy to miss some important facts that determine who can be paid your insurance benefits in the event of your death.

Under superannuation law the Trustee may, in some circumstances, decide who receives your death benefit. Having an up-to-date nomination of beneficiary means the Trustee is aware of, and in the case of binding nominations, bound by, your intentions.

Beneficiaries can be dependants, such as a spouse, children regardless of age, any financial dependants, and/or your legal personal representative.

There are three ways in which you can direct the Trustee in the payment of your insurance benefits.

1. Non-binding nominations allow you to indicate which of your dependants you would prefer the Trustee to pay your superannuation death benefit including your insurance benefit. The Trustee will review your personal circumstances at the time of death and take your wishes, as expressed in your non-binding nomination, into account before deciding which of your dependants will receive your death benefit.

2. Binding nominations allow you to nominate which of your dependants will receive your superannuation death benefit. The Trustee is legally bound by your wishes and must pay your death benefit in accordance with your nomination if it is valid at the time of death. Binding nominations are valid for three years. Should your personal circumstances change such as divorce or the start or end of a de-facto relationship, in a way which means your nominated beneficiaries cease to be dependants, your binding nomination of beneficiary automatically becomes invalid and is no longer binding. Binding nominations must be updated every three years or when personal circumstances change.

Binding nominations are valid for a maximum of three years and must be updated to remain valid.

3. No nomination – you can choose not to make a death benefit nomination. The Trustee will then consider your personal circumstances at the time of death, and may also consider bequests you make in your Will, before deciding who will receive your death benefit.

For more information about binding and non-binding nominations and how they relate to your policy, please contact your financial adviser.

Don't forget to update your Will

It is important to keep your Will up-to-date. Not only will this assist the Trustee in determining how to direct your death benefits, it may also be required if the Trustee decides to pay benefits directly to your Estate. This may occur if you have no dependants at the time of death.

How to update your beneficiary nomination

Your annual statement may indicate whether you have a current binding or non-binding beneficiary nomination. If you wish to nominate or update your beneficiary details, simply download your fund's death benefit nomination form at <https://www.toweraustralia.com.au/frmlnsure.asp> or call us on 1800 226 364 and we'll send you a copy of the form.



Changes to superannuation

As you have elected to structure the ownership of your insurance policy through a superannuation fund, you should be aware of changes made in the superannuation environment during the 2008/2009 financial year.

It's important to remember that there is no investment component as part of your policy and while your insurance benefits are guaranteed, changes made to superannuation law may impact your individual circumstances such as your taxation arrangements. We provide you with this information because we believe it's important that you're kept up-to-date.

Budget 2009

The 2009 Federal Budget included the following changes to superannuation.

Concessional (before tax) contribution cap

The cap (ie limit) that applies to employer contributions (including Superannuation Guarantee contributions and salary sacrifice contributions) and personal tax deductible contributions will be reduced to:

- \$25,000 annually for people under age 50
- \$50,000 annually for people over age 50 until 30 June 2012. In 2012-2013, the cap reduces to \$25,000 (or applicable indexed rate).

Contributions made on your behalf over this limit each year will be taxed at 46.5%.

Government co-contributions

The Government has announced a temporary reduction in the matching rate for the co-contribution scheme. From 1 July 2009, the maximum Government co-contribution reduces from \$1,500 to \$1,000. The maximum co-contribution will gradually increase back to \$1,500 by the 2014/2015 financial year.

The co-contribution is still a generous benefit and a great opportunity for lower income earners, especially those just starting in the workforce or working part-time, to build their superannuation asset.

New co-contribution thresholds

The availability of the co-contribution depends on income level and is indexed each year. The new lower and upper thresholds for the 2009/2010 financial year are shown below.

	2008/2009 financial year (\$)	2009/2010 financial year (\$)
Lower threshold ¹	30,342	31,920
Upper threshold ²	60,342	61,920

¹ If a person's total assessable income and reportable fringe benefits is this amount or less, they will receive the maximum co-contribution (depending on the amount of contribution made).

² If a person's total assessable income and reportable fringe benefits is this amount or more, they will not be eligible to receive the co-contribution.

Superannuation and same-sex relationships

In December 2008, the Federal Parliament passed legislation for same sex partners and their children to have the same rights to superannuation death benefits, in terms of availability and tax treatment, as other couples. TOWER has generally already recognised the rights of same sex couples for death benefits in its superannuation funds through 'interdependency' rules. The new legislation has also extended these rights to the splitting of superannuation benefits under Family Law which was also previously not available to same-sex couples.

Temporary residents

If you were a temporary resident of Australia and have now departed, TOWER is now required to transfer any superannuation you have not claimed to the Australian Taxation Office (ATO) at least six months after both of the following have occurred:

- you departed Australia, and
- your visa was cancelled or has expired.

You can still claim this benefit directly from the ATO after this time. Please note under current legislation we are not required to send an exit statement to you if your benefit has been transferred to the ATO.

TOWER sees life insurance as being a social benefit through the payment of claims to provide financial help to individuals and families in often difficult and stressful times.



We're here to help

If you have any questions about this newsletter or would like to talk to our Customer Service Team please call us on 1800 226 364 or send an email to customerservice@toweraustralia.com.au. If you would like to find out more about TOWER, visit our website, www.toweraustralia.com.au




Important information


Any advice provided by TOWER in the TOWER Newsletter is of a general nature only and has been prepared without considering your objectives, financial situation or needs. Because of this, before acting upon that advice, please consult your financial adviser or TOWER on 1800 226 364 if you have any questions.

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