

# Advance Fixed Term Pension

Annual Report for the year ended 30 June 2013

A series of horizontal stripes in various shades of blue, teal, and grey, with thin red lines separating them, spanning the width of the page.

~~ADVANCE~~

### **In this Annual Report**

- 'Advance' means Advance Asset Management Limited (Advance) ABN 98 002 538 329, AFSL 240902.
- 'BTFM', 'we', 'us' and 'our' are references to BT Funds Management Limited ABN 63 002 916 458 AFSL 233724.

### **Important information**

The Advance Fixed Term Pension Division (Advance Fixed Term Pension) is part of the Advance Retirement Suite ABN 95 068 282 166. BTFM is the trustee of the Advance Retirement Suite and has issued this Annual Report.

The trustee has not received any notices or penalties for non-compliance during the reporting period and has formally resolved that the Advance Fixed Term Pension will at all times be administered in strict compliance with all applicable acts and regulations.

The investment information or general advice provided in this publication doesn't take into account your personal objectives, financial situation or needs and because of that you should consider the appropriateness of the information or advice having regard to these factors. Before deciding whether to open, or to continue to hold, a financial product issued by us, you should obtain and consider the Product Disclosure Statement (PDS) for that product, available from us or your financial adviser.

### **BTFM and Advance**

Advance has entered into an agreement with us relating to the establishment and administration of the Advance Fixed Term Pension and under this agreement, Advance may ask us to retire as the trustee of the Advance Fixed Term Pension and we must do all things reasonably required by Advance to facilitate the appointment of a person nominated by Advance as our replacement.

You'll be notified if we're asked to retire as the trustee. When we retire, we'll be released from any future obligations in relation to the Advance Fixed Term Pension and the replacement trustee will agree to take on all duties and obligations of the trustee.

Advance and BTFM are subsidiaries of the Westpac Banking Corporation (Westpac) ABN 33 007 457 141. An investment in the Advance Fixed Term Pension is not a deposit with, investment in, or other liability of Westpac or any other company within the Westpac Group. It's subject to investment risk, including possible delays in repayment and loss of income and principal invested. Neither Westpac nor any other company within the Westpac Group stands behind or otherwise guarantees the capital value or investment performance of the Advance Fixed Term Pension.

# Contents

---

---

Introduction	4
Recent developments in superannuation	4
Understanding your investment	4
Investment objectives and strategy	4
Other important information	4
Financial information	6

# Advance Fixed Term Pension

For the year ended 30 June 2013

## Introduction

We're pleased to present the Annual Report for the Advance Fixed Term Pension at 30 June 2013. This report is issued in accordance with the Corporations Act 2001. It contains general information, providing details of the financial position and management of the accounts for the Advance Fixed Term Pension Accounts.

The report also details how you can obtain additional information about your Account. You can request additional information (including the trust deed, financial statements and auditor's report) from the Contact Centre. Details are on page 5.

## Recent developments in superannuation

### Increase of 0.5% in Medicare Levy

From 1 July 2014 the Medicare Levy will increase by 0.5% to 2.0% to help fund DisabilityCare Australia (previously known as the National Disability Insurance Scheme).

This means from 1 July 2014 the tax payable on payments you receive from your pension will include the increased Medicare Levy. In addition, death benefits paid as a lump sum to a non-dependant for tax purposes<sup>1</sup> will attract the increased Medicare Levy.

Death benefits paid on or after 1 July 2014 as a lump sum to a non-dependant for tax purposes<sup>1</sup> will be taxed in the following manner.

Tax-free component	Tax-free
Taxable component	Taxed at 17% (including Medicare Levy)
Taxable component (untaxed element)	Taxed at 32% (including Medicare Levy)

## Understanding your investment

As at 30 June 2013 most of the Advance Fixed Term Pension assets comprised investments in the Prime Securities Trust No. 3 – Indexed to the CPI and Prime Securities Trust No. 3F – Non indexed (the Trusts), which are managed by UBS AG, ABN 47 088 129 613 (UBS). UBS does not in any sense 'stand behind' the performance of Advance's obligations, nor guarantee the capital value or performance of units, nor have any liability in connection with the Advance Fixed Term Pension. UBS is not responsible for any statement or information contained in this Annual Report.

For further details about the Advance Fixed Term Pension assets, please see the abridged financial information on page 6.

## Investment objectives and strategy

To provide two separate income streams for set terms – one income stream supporting payment of the non-indexed fixed term pensions and the other income stream supporting payment of the indexed fixed term pensions.

This is achieved through the investment in the Trusts, which pay us amounts that are used to make your pension payments, so the total amount in any year will not fall below the total amount of pension payments made in the relevant preceding year. The Trusts only invest in assets with a high degree of security, such as:

- investments rated A-1+ (short term) or at least AA+ (long term) by Standard & Poor's at the date of acquisition
- investments with entities rated A-1+ (short term) or at least AA+ (long term) by Standard & Poor's at the date of acquisition
- investments which are obligations of, or guaranteed by, the Commonwealth Government or a State Government at the date of acquisition.

While the assets of the Trusts will generate cash flows to pay your pension payments over the term you select, the timing, frequency and amount of the cash flows may not match the timing, frequency and amount of your pension payments.

To overcome this, UBS may use derivatives undertaking to 'swap' the cash flows of the Trusts' assets and liabilities in financial markets, despite the performance of the underlying assets of the Trusts. UBS does not use derivatives to leverage (gear) the Trusts. The Advance Fixed Term Pension itself doesn't invest in derivatives directly.

## Other important information

### Professional Indemnity Insurance

As trustee of the Advance Fixed Term Pension, BTFM is responsible for the day-to-day administration and ensuring it complies with all relevant laws and the provisions of the trust deed. To cover any potential liabilities, BTFM has taken out professional indemnity insurance.

### Keeping you informed

Each year you'll receive the following information about your account.

- A statement for the year ended 30 June, detailing the new level of your pension payment for the next year (if you've chosen the CPI Linked Option), your rate of return, opening and closing balances and transactions over the period just ended.
- This Annual Report updating you on the financial position of the Advance Fixed Term Pension.

If you'd like to know more about how the Advance Fixed Term Pension operates, you can contact us for other information including a free copy of:

- the Advance Retirement Suite trust deed
- the most recent audited accounts.

1. Death benefits paid as a lump sum to your dependants (for tax purposes) are tax-free. A dependant for tax purposes includes your spouse or former spouse, your children under 18, a person who was wholly or substantially financially dependent on you at the time of your death and a person with whom you were in an interdependency relationship at the time of your death.

## Tax on your investment

For more information on taxation relevant to your personal circumstances, you should contact your financial or tax adviser.

## Enquiries and complaints

We're committed to providing quality service to our investors. If you have any enquiries or complaints about your investment in the Advance Fixed Term Pension please let us know.

### Telephone

1800 819 935

### Fax

08 9481 4318

### Email

[investorservices@advance.com.au](mailto:investorservices@advance.com.au)

### Mail

Advance  
GPO Box B87  
Perth WA 6838

We'll advise you if there is a charge for any information requested.

We'll acknowledge any complaint in writing within five business days and respond in writing within 45 days. If you're not satisfied with our actions, you can contact our Complaints Officer on the above number or address.

If a complaint hasn't been resolved within 45 days or you're not satisfied with the decision, you may contact the Superannuation Complaints Tribunal (SCT) – an independent complaints resolution scheme whose decisions are binding on us.

The contact details for the SCT are:

Superannuation Complaints Tribunal,  
Locked Bag 3060  
GPO Melbourne VIC 3001  
Telephone: 1300 884 114

# Advance Fixed Term Pension

For the year ended 30 June 2013

## Financial information

This annual report contains unaudited abridged financial information for the financial year ended 30 June 2013 in relation to Advance Fixed Term Pension as part of Advance Retirement Suite. The full Advance Retirement Suite's audited accounts and auditor's report are available on request by contacting our Contact Centre on 1800 819 935.

## Operating statement for the year ended 30 June 2013

Advance Fixed Term Pension		
	2013	2012
	\$'000	\$'000
<b>Revenue</b>		
Investment revenue	100	121
<b>Total revenue/(loss) as a result of operations</b>	<b>100</b>	<b>121</b>
<b>Less: Expenses</b>		
Benefits accrued as a result of operations before income tax	26	43
Less: Income tax expense/(benefit)	—	—
<b>Benefits accrued as a result of operations after income tax</b>	<b>26</b>	<b>43</b>

## Statement of financial position as at 30 June 2013

Advance Fixed Term Pension		
	2013	2012
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	35	30
<b>Other assets</b>		
Receivables	2	1
<b>Investments</b>		
Fixed interest funds	1,358	2,421
<b>Total assets</b>	<b>1,395</b>	<b>2,452</b>
<b>Less: liabilities</b>		
Payables	1	1
<b>Total liabilities</b>	<b>1</b>	<b>1</b>
<b>Net assets available to pay benefits</b>	<b>1,394</b>	<b>2,451</b>
<b>Represented by</b>		
Liability for accrued benefits allocated to members' accounts	1,394	2,451



This page has been left blank intentionally

## Advance contact details

Advance Asset Management  
GPO Box B87  
Perth WA 6838

t: 1800 819 935

e: [investorservices@advance.com.au](mailto:investorservices@advance.com.au)

w: [advance.com.au](http://advance.com.au)

## Issued by

BT Funds Management Limited  
ABN 63 002 916 458  
AFSL 233724

**ADVANCE**