

# BT Superannuation Investment Fund

## Annual Report

for the year ended 30 June 2019

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### **About this Annual Report**

BT Funds Management Limited ABN 63 002 916 458, AFSL 233724, is the Trustee of Retirement Wrap (Fund) which includes BT Superannuation Investment Fund (the Plan) ABN 39 827 542 991. The Fund is a resident regulated superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 (SIS) and is not subject to a direction under section 63 of SIS.

The investment manager for the BT investment options is Pandal Institutional Limited (Pandal) ABN 17 126 390 627, AFSL 316455.

An investment in the BT Superannuation Investment Fund is not an investment in, deposit with or any other liability of Westpac Banking Corporation ABN 33 007 457 141 (the Bank) or any other company in the Westpac Group. It is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested. The Bank and its related entities do not stand behind or otherwise guarantees the capital value or investment performance of any investment option offered through BT Superannuation Investment Fund.

This information has been prepared without taking account of your objectives, financial situation or needs. Because of this you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation and needs.

Past performance is not a reliable indicator of future performance.

The tax position described is a general statement and is for guidance only. It has not been prepared by a registered tax agent. It does not constitute tax advice and is based on current tax laws and our interpretation. Your individual situation may differ and you should seek professional tax advice.

A financial services guide in relation to the Trustee is available by calling 132 135, or visiting [bt.com.au](http://bt.com.au).

The Annual Report was prepared on 18 December 2019.

# Recent developments in superannuation

## 1. 2019/20 superannuation thresholds

The superannuation contributions caps and various other superannuation thresholds that apply for the current financial year are as follows:

<b>Concessional contributions cap</b>	\$25,000 <sup>1</sup>
<b>Non concessional contributions cap</b>	\$100,000 <sup>2</sup>
<b>Capital Gains Tax (CGT) Cap (lifetime limit)</b>	\$1,515,000
<b>Government Co-contributions</b>	
- Maximum co-contribution <sup>3</sup>	\$500
- Lower threshold	\$38,564
- Upper threshold (cut off)	\$53,564
<b>Superannuation Guarantee (SG) rate<sup>4</sup></b>	9.5%
<b>Low rate cap</b>	\$210,000

1 From 1 July 2019 members with a total super balance less than \$500,000 at the end of the previous financial year will be allowed to make additional concessional contributions by utilising unused cap amounts from the previous 5 years.

2 If you were under age 65 on 1 July 2019 and satisfy other conditions you may be able to make larger non-concessional contributions over two or three financial years. Once your total super balance has reached \$1.6 million, however, your non-concessional contribution cap will be nil. Your total super balance is assessed as at 30 June of the previous financial year.

3 The maximum co-contribution payable is phased out by 3.333 cents for every dollar of total income over the lower threshold, until it reaches zero at the upper threshold.

4 The SG rate is currently 9.5% where it will remain until 30 June 2021. From 1 July 2021, the SG rate will increase to 10% and thereafter will increase by 0.5% each financial year until it reaches 12% at 1 July 2025.

## 2. Catch-up concessional contributions

From 1 July 2019, if an eligible individual contributes less than the concessional contribution cap, the un-used amount may be carried forward for up to five years. This allows additional pre-tax contributions to be made in future years, that would have otherwise exceeded the cap.

To be eligible, an individual's total super balance as at 30 June of the previous financial year must be less than \$500,000. For individuals with multiple super accounts, the total of all accounts combined must be less than \$500,000. For more information go to [ato.gov.au](http://ato.gov.au).

## 3. Super contributions - work test exemption

Generally, individuals aged between 65 and 74 need to meet a work test to make personal contributions to super.

The work test means that an individual must be 'gainfully employed' for at least 40 hours in any 30 consecutive day period in the financial year in which the super contribution is made.

From 1 July 2019, individuals aged 65-74 may receive an exemption from the work test if they met it in the previous financial year and their total super balance was less than \$300,000 at 30 June in the same year. This means individuals over 65 may be able to make additional contributions to super in the financial year after they retire. The work test exemption can only be used once in an individual's lifetime.

## 4. Protecting Your Superannuation Package

The Protecting Your Superannuation package is designed to help protect and grow super. It aims to ensure fees and insurance premiums in super, aren't unnecessarily eroding retirement savings. The changes include:

- a ban on exit fees for account closures and partial withdrawal of monies
- a 3% cap on administration and investment-related fees for accounts under \$6,000
- ceasing insurance cover within super where an account becomes inactive
- the transfer of inactive accounts under \$6,000 to the Australian Tax Office (ATO).

### Fee Caps and no exit fees

Commencing from the 2019/20 financial year, if an individual's super balance is below \$6,000 on 30 June of the income year, any administration and investment fees, including indirect costs, charged to their super account for the income year greater than 3% of the balance will be refunded to their super account. If the super account balance is less than \$6,000 immediately before it's closed, the 3% fee cap will also apply on a pro-rata basis.

In addition, from 1 July 2019 exit fees will no longer be charged if an individual withdraws all or part of their super account.

## 5. Changes to insurance cover in super

If an individual's super account has insurance and the account remains 'inactive' for 16 months, the insurance may be cancelled unless the individual nominates to keep it. An 'inactive' account is where no contributions or rollovers have been received for a continuous period of 16 months.

Please note, if you're impacted by this change, we'll let you know before your account is considered 'inactive' and provide details of the insurance cover you hold through super and the choices available to you.

## 6. Inactive low balance accounts transferred to the ATO

From 30 June 2019, we are required to transfer an individual's super account to the ATO if the account balance is below \$6,000 and the account hasn't received a contribution or rollover for a continuous 16 month period.

Generally, a super account won't be transferred to the ATO if in the last 16 months an individual has:

- Made an investment switch
- Made or amended a binding beneficiary nomination
- Made changes to their insurance or
- Provided us a written authority to notify the ATO that they are not a member of an inactive low-balance account.

If an individual has insurance provided via their super account, has met a prescribed condition of release or the account is a pension account, including transition to retirement income stream, their account will not be transferred to the ATO.

If an individual's super is transferred to the ATO, the ATO may pay the amount into another super account the individual holds without being directed to do so if that account has received a contribution in the current or previous financial year and the account balance after the payment will be at least \$6,000.

## 7. Putting Members Interests First - Insurance

From 1 April 2020, super funds can only provide insurance in super on an 'opt-in' basis for new members under age 25 and accounts with balances less than \$6,000. This means that insurance cover cannot be provided automatically to new fund members where they join with a nil balance regardless of age.

These new requirements are in addition to the requirements prohibiting trustees from offering insurance on an opt-out basis for super accounts that have not received a contribution or rollover for a continuous 16 month period.

## 8. Multiple Employers – SG opt-out

Individuals with multiple employers, who expect their employer's SG contributions will exceed their concessional contributions cap for a financial year, can apply for an exemption certificate to release some of their employers SG obligations. Individuals must apply to the ATO before the relevant cut-off dates using the ATO approved form available from the ATO. For more information visit [ato.gov.au](http://ato.gov.au).

## 9. Ending Grandfathered Commissions

From 1 January 2021, all managed investment and superannuation commissions that are currently paid to financial services licensees in relation to financial advice provided to retail clients will be banned, and where applicable any benefits must be passed back to affected customers.

# Proposed changes to superannuation

The proposed changes, as described below, are not yet law and are subject to change.

## Choice of super fund extended

Currently employees covered under enterprise agreements and workplace determinations, may not have the option to elect which super fund they want their employer super contributions to be paid. The Government has proposed to remove this restriction allowing employees the right to choice of fund.

## Employers Super Guarantee Obligations

From 1 July 2020, employers will no longer be able to use an employee's salary sacrifice contributions in order to satisfy their employer Super Guarantee (SG) obligations.

# Product changes

## Termination of BT Superannuation Investment Fund

On 25 October 2018, the Trustee approved the intrafund transfer ("IFT") of members and assets within Retirement Wrap (ABN 39 827 542 991). Effective 12 April 2019, members were transitioned from BT Superannuation Investment Fund ("the Plan") to BT Super.

Upon all assets and beneficiaries having been transferred effective 12 April 2019, the Plan was terminated after the IFT.

## Need more information?

Should you require any further information, please contact BT Customer Relations on 132 135 between Monday to Friday, 8.00am to 6.30pm (Sydney time) to understand these changes and the impact they may have on your super account.

# Understanding your investment

## Changes to investment option details

We have the right to change the investment option objective and investment strategy (including the benchmark), asset allocation, target position, investment manager(s) and possible variation and currency strategy (if any), without prior notice in some cases. We have informed account holders of any significant material change to the investment option details on [bt.com.au](http://bt.com.au) or as otherwise required by relevant law.

## Understanding the risks of investing

No matter which investment option you choose to invest in, there will always be some level of investment risk. The variability of returns is known as investment risk. Generally, the higher level of risk you are prepared to accept, the higher the potential returns, or losses. Risk can be managed and even minimised, but cannot be eliminated and there is always a chance you may lose money on any investments you make. You should be aware of these risks when investing and understand that not all risks are foreseeable.

## How risk is measured

The level of risk, or Standard Risk Measure, for each investment fund is based on an estimate of the number of negative annual returns that may be experienced over any 20 year period as shown in the table.

Standard Risk Measure		Estimated number of negative annual returns over any 20 year period
Risk band	Risk label	
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The Standard Risk Measure allows you to compare the level of risk of investment funds within the Plan as well as other investment options available through other super funds. The Standard Risk Measure is not a complete assessment of all forms of investment risk, for example it does not detail what the size of the negative return may be or the potential for a positive return to be less than the return you require to meet your investment objectives. It also does not take into consideration the impact of fees and tax on investment returns. For more details of the Standard Risk Measure applicable to the investment option(s) available in your product, please refer to our website [bt.com.au](http://bt.com.au).

## Derivatives

These are investments whose value is derived from other assets, such as shares, and may be used as part of the portfolio management process. Futures contracts and options are examples of derivatives.

Derivatives may be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying asset. Derivatives can also be used to gain exposure to assets and markets. While derivatives offer the opportunity for significantly higher gains from a smaller investment (because of the effective exposure obtained) they can also produce significantly higher losses, sometimes in excess of the amount invested.

The investment managers are required to have strict policies and procedures on the use of derivatives and generally are not permitted to use derivatives to gear the investment options unless otherwise stated.

## Net earnings

The earnings rate for members in the investment option is reflected in the price of the units, rather than being credited or debited against the accounts of members. A change in the value of the members' unit price includes the net earnings of supporting assets in the investment option.

## Unit pricing

We can change the way in which we calculate unit prices, as well as the buy/sell spread used. Information regarding any such change will be available on our website or by calling BT Customer Relations. Notice will not ordinarily be provided, however we may provide notice on our website, or in the next regular communication.

## Net value of an investment option

The net value of an investment option is the value of all investments and cash held by the investment option less amounts owing or payable in respect of the investment option including any provision that is considered necessary. For example, provision might be made for possible future losses on an investment that is considered to be overvalued or cannot be fairly determined. A full description of the valuation method is given in the Trust Deed.

The net value of an investment option may include an asset known as Future Income Tax Benefit (FITB). A FITB arises when, for tax purposes, a loss is available to offset a future gain (ie so as to reduce the amount of gain that might otherwise be taxable). Our policy is to recognise FITBs in the Fund as a separate asset of the relevant investment option. Like any other asset in an investment option, the value of a FITB is reflected in the unit price for that investment option, through the calculation of the net asset value.

The value of a FITB can change over time based on the likelihood of being able to offset the losses against future gains and the time at which they can be used. Accordingly, changes in the value of a FITB asset may cause unit prices to change (as is the case with a change in the value of any other asset in the investment option).

The level of FITB recorded in the unit price of an investment option may be 'capped', taking into account the probability that accrued losses are able to be offset against future gains. The Joint ASIC and APRA Unit Pricing Guide to Good Practice, and BT policy require that FITB only be recognised in the net asset value and unit price of an investment option to the extent that the deferred tax benefit is expected to be realisable in the future. It may be necessary to reduce the level of FITB to ensure that the value of the investment option (and the unit price) is not over-stated.

## Restrictions on applications and withdrawals

Under certain circumstances allowed under superannuation law and the Trust Deed (for example, where it would prejudice the interests of other members of the Fund), we may delay, suspend or not process your contribution or withdrawal requests. In certain circumstances we reserve the right to delay or suspend unit prices, apply a special price or not process future application or withdrawal requests.

## Transaction processing

For withdrawals and contributions, where a valid request is received before the daily cut-off time of 4.00pm (Sydney time) on a business day (Sydney time), the request will be processed using the application and withdrawal prices for the relevant investment option issued for the business day we receive the valid request. We aim to process the request as soon as reasonably practicable and ordinarily within 5 business days of receipt. Because units are issued or redeemed on this basis, there can be an effect on underlying fund performance, either positive or negative, depending on market movements between the business day for which the application or withdrawal price is used and the date of processing. Ordinarily, the impact on performance is insignificant.

# Performance information

## How we calculate performance

Performance figures are calculated in accordance with the Financial Services Council (FSC) standards.

Total returns are calculated:

- using withdrawal prices appropriate for the month end;
- taking into account management costs of the relevant investment option; and
- taking into account earnings tax up to a maximum of 15% plus withholding tax paid on foreign income (if any).

Certain other fees such as Contribution fees or Withdrawal fees (if any) are not taken into account.

## Performance as at 30 June 2019

The latest performance information is available from our website at [bt.com.au](http://bt.com.au) or by calling BT Customer Relations on 132 135. Investment returns shown are historical. Investment returns can go up and down and past performance is not a reliable indicator of future performance. Future performance is not guaranteed.

For actual performance of your account, for the year ended 30 June 2019, please refer to your 2019 Annual Statement.

## Investments exceeding 5%

On 25 October 2018, the Trustee approved the intrafund transfer (“IFT”) of members and assets within Retirement Wrap (ABN 39 827 542 991). Effective 12 April 2019, members were transitioned from BT Superannuation Investment Fund (“the Plan”) to BT Super.

As such, there are no investment holdings exceeding 5% of investment options in this Fund. To view investment holdings exceeding 5% of equivalent investment options that were transferred to BT Super, you can access the Annual Report for BT Super on [bt.com.au](http://bt.com.au).

# Other important information

## Temporary residents

A temporary resident is a holder of a temporary visa under the Migration Act 1958. From 1 April 2009, if you are, or were, a temporary resident and are not an Australian citizen, New Zealand citizen or permanent resident of Australia, or a holder of a retirement visa (Subclass 405 or 410), you can generally only access your preserved super benefits if you become permanently incapacitated, have a terminal medical condition, or have departed Australia permanently and your visa has ceased, or your beneficiaries may access your benefits if you die. You may also be able to access your benefit if you satisfied another condition of release under superannuation law before 1 April 2009.

The Australian Government also requires us to pay temporary residents' unclaimed super to the ATO after at least six months have passed since the later of:

- the date a temporary resident's visa ceased to be in effect; and
- the date a temporary resident permanently left Australia.

Applications to claim your benefit can be made using the ATO Departing Australia Superannuation Payment ('DASP') online application system. To access this system and full information regarding DASP procedures and current tax rates visit [ato.gov.au](http://ato.gov.au).

We are permitted under, and rely on, ASIC relief under Class Order CO 09/437 to not notify or provide an exit statement to a non-resident in circumstances where we pay unclaimed superannuation to the ATO under Division 3 of Part 3A of the *Superannuation (Unclaimed Money and Lost Members) Act 1999*.

Non-residents have the right to make an application to the Commissioner of Taxation to claim unclaimed superannuation under Division 4 of Part 3A of the *Superannuation (Unclaimed Money and Lost Members) Act 1999*.

## Eligible Rollover Fund

Your benefit may have been transferred to an Eligible Rollover Fund ('ERF') in the following circumstances:

- If you requested to transfer your benefit to another fund and that request could not be processed due to insufficient information or the other fund returned the money to BT Superannuation Investment Fund because they have were unable to process the request;
- If circumstances under 'Cooling-off' applied;
- In any other circumstances permitted under superannuation law.

The ERF selected for BT Superannuation Investment Fund was:

SuperTrace Eligible Rollover Fund  
Locked Bag 5429  
Parramatta NSW 2124

If your benefit was transferred to SuperTrace:

- you ceased being BT Superannuation Investment Fund account holder and any insurance cover provided was also ceased on the date of transfer or at the end of the continuation period that applied, if later;
- you will need to contact the SuperTrace Administrator on 1300 788 750 in order to claim your benefit back or deal with your benefit;
- you will not be able to make contributions to the ERF;
- you will not have investment choice — the Trustee of the ERF will nominate the investment strategy that will apply;
- the ERF will normally ensure that your benefits will not be eroded by administration fees and charges, however, other fees may apply. Please refer to the ERF's product disclosure statement for more information.

## Complaints resolution

Complaints resolution is a priority for us. If you have any concerns or complaints with the financial products or services we provide, please contact us and we will do our best to resolve it quickly and fairly through our internal dispute resolution process.

As a first step, please contact us by calling BT Customer Relations on 132 135. Alternatively, you can contact us at: [bt.com.au/contact-us](http://bt.com.au/contact-us).

We will let you know that we have received your complaint and a Complaints Officer will work with you to try to resolve your complaint within 30 days of receipt.

If you are not satisfied with our response, or have not received a response within 90 days, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA):

Online: [www.afca.org.au](http://www.afca.org.au)

Email: [info@afca.org.au](mailto:info@afca.org.au)

Phone: 1800 931 678

Mail: Australian Financial Complaints Authority  
GPO Box 3 Melbourne VIC 3001

AFCA is a body established by the government to help members of superannuation funds resolve complaints. AFCA will attempt to resolve your complaint through conciliation, helping you and the Trustee to reach an agreement. If your dispute cannot be resolved through conciliation, AFCA may ask for submissions and make a binding determination.

## Superannuation Contributions Surcharge

If you were liable for superannuation contribution surcharge the amount would have been deducted from your account.

## Indemnity insurance

The Trustee is indemnified by a policy of insurance in respect of its duties as Trustee of the Fund.

## Reserves

BT Superannuation Investment Fund did not maintain any reserves.

## Financial information

As permitted under the Corporations Act, audited fund accounts and the auditor's report have not been included with this Annual Report. Copies of complete audited financial statements and the auditor's report will be available from:

BT Funds Management Limited  
Level 18, 275 Kent Street,  
Sydney NSW 2000

or by calling BT Customer Relations on 132 135.

## Committees

The Board delegated committees are:

- Board Audit, Risk and Compliance Committee;
- Board Investment Committee.

## Further information

You are welcome to call us at any time if you have any questions regarding this report or require further information about BT Superannuation Investment Fund. Details of how we can be contacted are at the end of this report.

# Financial information

## BT Superannuation Investment Fund

### Statement of financial position as at 30 June 2019

	As at	
	30 June 2019	30 June 2018
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	-	11,901
Margin accounts	-	1,506
Accrued income	-	12,120
Receivables	-	354
Financial assets held at fair value through profit or loss	-	310,860
<b>Total assets</b>	-	336,741
<b>Liabilities</b>		
Payables	-	1,878
Financial liabilities held at fair value through profit or loss	-	544
Income tax payable	-	1,211
Deferred tax liabilities	-	2,487
<b>Total liabilities (excluding member benefits)</b>	-	6,120
	-	
<b>Net assets available for member benefits</b>	-	330,621
Defined contribution member liabilities	-	330,621
<b>Total net assets</b>		-

As permitted under the Corporation Act, abridged financial information of the fund is included in this annual report. You can request a copy of the audited financial statements and auditor's report at any time by contacting BT Customer Relations on 132 135.

## BT Superannuation Investment Fund

### Income statement for the year ended 30 June 2019

	Year ended	
	30 June 2019	30 June 2018
	\$'000	\$'000
<b>Superannuation activities</b>		
Interest income	(5)	24
Dividend income	-	712
Distribution income	36,979	19,078
Net gains/(losses) on financial instruments held at fair value through profit or loss	(30,376)	11,034
<b>Total net income</b>	<b>6,598</b>	<b>30,848</b>
Trustee's fees	1,788	2,497
Other expenses	807	1,421
<b>Total expenses</b>	<b>2,595</b>	<b>3,918</b>
<b>Profit/(loss) from superannuation activities before income tax</b>	<b>4,003</b>	<b>26,930</b>
Income tax expense/(benefit)	(651)	1,484
<b>Profit/(loss) from superannuation activities after income tax</b>	<b>4,654</b>	<b>25,446</b>
Less: net benefits allocated to defined contribution members' accounts	(4,654)	(25,446)
<b>Profit/(loss) after income tax</b>	<b>-</b>	<b>-</b>

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## BT Superannuation Investment Fund

### Statement of Changes in Member Benefits for the year ended 30 June 2019

	Year ended	
	30 June 2019	30 June 2018
	\$'000	\$'000
<b>Opening balance of member benefits</b>	<b>330,621</b>	<b>329,468</b>
Employer contributions	2,887	4,412
Member contributions	2,209	4,764
Transfers from other funds	2,351	1,587
Superannuation co-contributions	43	55
Income tax on net contributions	(754)	(847)
<b>Net after tax contributions</b>	<b>6,736</b>	<b>9,971</b>
Benefit payments	(342,016)	(34,246)
Insurance premiums charged to members' accounts	(14)	(18)
Insurance benefit credited to members' accounts	19	-
Net benefits allocated to defined contribution members' accounts	4,654	25,446
<b>Closing balance of member benefits</b>	<b>-</b>	<b>330,621</b>

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## For more information

[bt.com.au](http://bt.com.au)

132 135

[bt.com.au/contact-us](http://bt.com.au/contact-us)

BT Funds Management Limited GPO Box 2675 Sydney NSW 2001

