

BT Lifetime Super – Employer Plan

Annual Report for the year
ended 30 June 2011

Part 2 – SIMS Group

Defined Benefit Account



This Annual Report has two parts:

- Part 1 – BT Lifetime Super – Employer Plan Annual Report 30 June 2011
- Part 2 – SIMS Group Defined Benefit Annual Report 30 June 2011

Members should read both parts.

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About this Annual Report

BT Funds Management Limited ABN 63 002 916 458, AFSL No. 233 724 ('Trustee', 'we', 'our' or 'us') is the Trustee of Retirement Wrap ('Fund') and has prepared this document.

BT Lifetime Super — Employer Plan ('Plan') is part of the Employer Division of the Fund, which is a resident regulated superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 ('SIS'). The Fund is not subject to a direction from the regulator not to accept employer contributions under section 63 of SIS. The ABN for the Plan is 39 827 542 991 (RSE R100327).

All assets of the Plan are invested in a policy issued by BT Life Limited ABN 29 003 773 680, AFSL No. 233 719 ('BT Life') from its No. 3 statutory fund. BT Life is also responsible for the administration of the plan.

Within this report 'BT Super' or 'Plan' means BT Lifetime Super — Employer Plan.

BT Funds Management Limited is a member of the Westpac Group. Any investment in BT Super or any Investment Option offered in this Annual Report is not a deposit with or any other liability of Westpac Banking Corporation ABN 33 007 457 141 (Westpac) or any other company in the Westpac Group of companies. Investments are subject to investment risk, including possible delays in repayment or loss of income and principal invested. None of Westpac or any of its related entities stands behind or otherwise guarantees the capital value or investment performance of this product or any of its Investment Options or any related assets.

Investment information

BT Lifetime Super – Employer Plan

Performance Overview										
	Risk Category	Investment Option	Fund Size 30 June 2011 (\$m)	Inception Date	One year returns to 30 June					Compound average 5 year or since inception (if shorter) annual returns to 30 June 2011 % pa
					2007 (%)	2008 (%)	2009 (%)	2010 (%)	2011 (%)	
From 31 March 2006, the BT Multi-manager portfolio adopted new benchmark weightings. Performance before this date may not be directly comparable.	Moderate	BT Multi-manager Balanced	935.70	Nov-01	13.96	-13.93	-18.13	12.38	10.10	-0.13

Investment Option	Asset Allocation															
	Australian shares		International shares		Australian fixed interest		International fixed interest		Australian Property		Global Property	Alternative Investments	Cash			
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011		
BT Multi-manager Balanced	33.3	34.2	24.9	24.6	9.8	4.9	14.1	9.9	0.0	0.0	4.5	4.6	9.3	12.3	4.1	9.5

Investment Option name	Recommended Investment Timeframe	Investment Manager	Investment Objective	Investment Strategy	Disclosure Documents
BT Multi-manager Balanced	5 years +	Range of managers selected by Advance.	Aims to provide moderate to high total returns (before fees and taxes) over the medium term from a combination of capital growth and income through a diversified mix of growth and defensive assets.	Invests in a diverse mix of assets with both income producing assets of cash and fixed interest and growth assets of shares and property. Exposure to these asset sectors will be obtained primarily by investing directly into sector specific funds. The Investment Option may also hold assets directly including derivatives, currency and other unit trusts	A disclosure document (eg Product Disclosure Statement) for the underlying Investment Option can be obtained by contacting your financial adviser or by calling 132 135. Website www.bt.com.au .

Investment returns

Investment Policy

The Trustee has decided to invest assets of your plan in a diversified range of asset sectors with an emphasis on growth sectors. This decision takes into account the nature of the defined benefit liabilities and recognises the ability of your employer to fund any short-term deficiencies created by fluctuations in asset values of growth sectors.

The Trustee has invested the assets backing the defined benefit liabilities in the BT Multi-manager Balanced Investment Option. This Investment Option uses specialist investment managers.

Investment returns	% pa
Net earning rate for the year to 30 June 2011	10.10
Plan crediting rate for the year to 30 June 2011	10.32

Net Earning Rate

The net earning rate is calculated as the percentage change in unit price from the start to the end of the year.

Crediting Rate

The crediting rate is calculated by the Actuary and can vary from the net earning rate as a result of the effect of cash flow and other factors.

Interim Crediting Rate

The interim crediting interest rate for the Plan is calculated on a monthly basis by the Trustee upon advice from the Actuary.

Change to Crediting Rate for Delayed Benefit Payments

Effective from 27 August 2010, the Trustee has changed the crediting rate methodology for 'delayed' benefit payments to defined benefit members ie where there is a delay of more than 30 days between the exit date of the member and the date that the member's exit benefit is actually paid.

The Trustee will apply a crediting rate to the benefit calculated as the most recent one year return available for the BT Cash investment option within the plan applied from the member exit date until the benefit is actually paid.

Please note benefits paid to defined benefit members within 30 days of the date of exit will not have a crediting rate applied. Furthermore there is no change to the crediting rate applied to surcharge accounts.

Financial position of the Fund and other information

Financial Position and Employer Contribution Level

Your defined benefit in BT Super is calculated using the formula set out in your annual statement. In order to fund your defined benefit, your employer, which is part of the SIMS group of companies (SIMS), makes contributions to the defined benefit section of its sub-plan in BT Super. The amount your employer contributes is agreed between the Trustee and SIMS after considering advice from an Actuary and depends on the sub-plan's investment performance and financial position.

The Trustee has appointed an independent Actuary to advise the Trustee on the level of employer contributions required to ensure there are sufficient assets in the sub-plan to pay members' defined benefits when they fall due. The Actuary makes assumptions about issues such as likely future benefit payouts, members' future increases in salary and future investment returns in providing recommendations to the Trustee regarding your employer's future contributions to the sub-plan.

As you may be aware, investment markets performed poorly between November 2007 and March 2009. The resulting poor investment returns affected the investments of all Australian superannuation funds, including your employer's sub-plan in BT Super. As a result, in October 2008 the Actuary advised the Trustee that it believed that the financial position of the defined benefit section of the sub-plan had become unsatisfactory.

A defined benefit plan is in unsatisfactory financial position when the value of the plan's assets is inadequate to meet the plan's liabilities in relation to the vested benefits of plan members. The vested benefit of a defined benefit member is the amount that the member would be entitled to receive from the defined benefit section of the sub-plan upon terminating their membership.

The Actuary's most recent full report to the Trustee was dated 23 March 2010 and this together with subsequent letters dated 16 August 2010 and 30 August 2010 recommended the level of future contributions your employer should make in respect of defined benefit members in the sub-plan. In accordance with this advice from the Actuary, the Trustee and SIMS agreed on a plan to return the sub-plan to a satisfactory financial position within a reasonable period of time.

The Trustee agreed with SIMS that it make contributions to the sub-plan as follows:

- maintain its contributions of 11.3% of defined benefit member salaries
- from 1 September 2010, SIMS reduce its additional contributions from \$120,000 per month to \$100,000 per month, and
- from 19 November 2010, in the circumstances where a benefit of greater than \$300,000 becomes payable to a member and the most recent available estimate of the Vested Benefits Index (VBI) of the sub-plan is less than 90% then SIMS pays an additional contribution to the sub-plan calculated as:

Amount of benefit payable from the Plan x (100-VBI)/0.85

Your employer is currently contributing in accordance with the arrangements determined by the Trustee.

However, given the continued market volatility experienced in 2011, the sub-plan remains in an unsatisfactory financial position. The final Vested Benefit Index at 30 June 2011 was 86.14%. As a result, the Trustee and the Actuary continue to regularly monitor the sub-plan's financial position and will work with SIMS to adjust your employer's contributions as necessary to ensure that, as far as possible, sufficient assets exist to meet benefit payments as they become due.

Transfer to accumulation at age 65

The normal retirement age for your defined benefit account is age 65. At this time your defined benefit will crystallise and will be transferred from your defined benefit account into an accumulation account regardless of whether or not you actually retire when you turn 65. Your transferred benefit will be subject to investment earnings (positive or negative). You will be notified once your benefit has been transferred.

Notional Taxed Contributions

Since 1 July 2007, limits or "caps" apply to the amount a person is able to contribute to superannuation each year on a concessional basis. Additional tax applies to contributions in excess of the relevant cap. Contributions made to superannuation by you or on your behalf may count towards either your concessional contributions cap or your non-concessional contributions cap.

Financial position of the Fund and other information

Concessional contributions cap

Contributions which count towards an individual's concessional contributions cap include compulsory employer contributions such as Superannuation Guarantee and Award contributions, salary sacrifice contributions (pre-tax) and additional employer contributions.

As the Plan is considered a defined benefit fund, special rules apply to your employer contributions made in respect of your defined benefit. As employer contributions to a defined benefit fund are pooled and are not directly allocated to you, your employer contributions are determined based on a formula defined in legislation. The amount calculated is referred to as your Notional Taxed Contributions ("NTC") and counts towards your concessional contribution cap (see below).

For the 2011/12 financial year, if you are under age 50, your concessional contributions cap is \$25,000. This amount will be indexed to AWOTE (Average Weekly Ordinary Time Earnings) rounded down to the nearest \$5,000 in subsequent financial years. For individuals aged 50 or over at any time during the 2011/12 financial year a transitional cap of \$50,000 will apply for 2011/12 only.

Contributions you make, or have made on your behalf, in excess of your concessional contributions cap will be subject to an additional tax of 31.5% (this is in addition to the 15% contributions tax deducted in the Plan). This additional tax may be paid by you personally or by withdrawing amounts from a superannuation interest in an accumulation or pension fund however it cannot be withdrawn from a defined benefit fund such as your interest in the SIMS Defined Benefit plan.

You will be liable for the payment of any additional tax. You should note that any excess concessional contributions will also count towards your non-concessional contributions cap.

For more information about contributions caps and excess contributions tax refer to 'Understanding tax' on page 42 of the BT Lifetime Super Employer Plan Product Disclosure Statement, Part 1 or the Frequently Asked Questions section on our website at bt.com.au.

Transitional arrangements for defined benefit funds

A transitional arrangement exists for those individuals that were members of a defined benefit fund on 5 September 2006. Note that these transitional rules may cease to apply if the fund makes changes to its rules.

Under the transitional arrangements, if the value of your NTC is calculated to be greater than your concessional contributions cap amount, and you were a member of a defined benefit fund on 5 September 2006, then the amount of your NTC will be deemed to be equal to your concessional cap amount. That is your NTC alone will not cause you to breach your concessional contributions cap.

Your estimated NTC for the year ending 30 June 2011

Each year, the Plan will notify you of your estimated NTC (in advance for the year ahead) on your annual statement, so that you can determine your capacity to make any additional concessional contributions (such as salary sacrifice contributions).

Information that may change

Where changes to information occur that do not adversely affect you, you may be informed in the next Annual Report for the Fund. Such information includes, but is not limited to, changes in:

- investment managers
- the underlying insurer
- the Investment Option (closing or terminating)
- fees.

Where required by law, written notification will be provided giving 30 days notice of the changes.

Indemnity Insurance

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

Fund Reserves

The Fund allows for a reserve account to be set up in respect of each super plan. The reserve account may contain money that your employer pays to the plan in respect of your insurance premiums, fees, contributions or other amounts. If your plan has a reserve account, details of the movements in your plan's reserve and its management strategy will be communicated to you.

Superannuation Surcharge

The superannuation surcharge, including the termination payments surcharge, has been abolished for contributions and termination payments made or received on or after 1 July 2005. The superannuation surcharge may still apply for contributions and termination payments made prior to 1 July 2005.



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More information

- Go to www.bt.com.au
- Or contact BT Customer Relations on 132 135
8.00am to 6.30pm (Sydney time)
Monday to Friday