



Annual Report – 30 September 2017

TAL Superannuation Limited ABN 69 003 059 407 AFSL 237851
TAL Superannuation and Insurance Fund ABN 20 891 605 180

For Whole of Life and Endowment superannuation members

The Annual Report is to be read in conjunction with your Annual Statement and is provided by the Trustee of the TAL Superannuation and Insurance Fund, TAL Superannuation Limited. It provides you with the information you need to understand the management, financial condition and investment performance of your investment option(s) and product, as well as the Fund as a whole. The information contained in this Annual Report is as at 30 September 2017. Some of the features of your product may have changed since this date. Please refer to the Product Changes Significant Event Notice sent to you in August or October 2017 for more information.

Your Annual Statement provides details of your accumulated benefit entitlement in the Fund, including details of opening and closing balances, transactions, and investment options (including long term returns).

If you'd like a printed copy of this report or have any questions, please call us on 1300 209 088 or email customerservice@tal.com.au quoting your member number.

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Directory

Superannuation Fund

TAL Superannuation and Insurance Fund
ABN 20 891 605 180

Issuer & Trustee

TAL Superannuation Limited
ABN 69 003 059 407
AFSL 237851
RSE L0000642

Administrator, Insurer & Investment Manager

TAL Life Limited
ABN 70 050 109 450
AFSL 237848

Customer Service

1300 209 088
Monday to Friday
9.00am – 5.00pm (AEST/AEDT)

customerservice@tal.com.au

TAL Superannuation Limited
GPO Box 5380
Sydney NSW 2001

Terms used in this Annual Report

ABN	Australian Business Number
Administrator	the body corporate that provides administration services to the Trustee for the Fund
AEST/AEDT	Australian Eastern Standard Time/Australian Eastern Daylight Time
AFSL	Australian Financial Services Licence
AML/CTF Act	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)
APRA	Australian Prudential Regulation Authority
ATO	Australian Taxation Office
Board	The Board of Directors of TAL Superannuation Limited
CPI	Consumer Price Index
ERF	Eligible Rollover Fund
the Fund	TAL Superannuation and Insurance Fund
Insurer	a life insurer who provides life insurance policies to the Trustee to support members' benefits
Investment Provider	an investment manager or life insurer who provides investments and related services, including implemented asset consulting, to the Trustee
RSEL	RSE Licence
Russell Investments, Russell	Russell Investment Management Limited ABN 53 068 338 974
SCT	Superannuation Complaints Tribunal
Scheme	a registered managed investment scheme pursuant to chapter 5C of the <i>Corporations Act 2001</i> .
Service Provider	an Administrator, Insurer and/or Investment Provider, as appropriate
Trust Deed	the Fund's trust deed dated 1 June 1989, as amended
Unit Linked	an investment option where members purchase units, with each unit representing an equal share of the underlying assets of the option. The value of each unit, i.e. the unit price, reflects the market value of the underlying assets
'we', 'us', 'our', 'Trustee'	TAL Superannuation Limited and its agents including, where relevant, the Administrator, Insurer and/or Investment Provider
'you', 'your', 'member'	member of the Fund

Disclaimer

TAL Superannuation Limited (nor any of its related bodies corporate and their respective directors and associates) does not guarantee any particular rate of return, or the repayment of capital or income, or the performance of any of the products or investment options referred to in this Annual Report unless otherwise stated. The information contained in the Annual Report is general information only. It does not take into account your individual investment objectives, financial situation or particular needs. You should obtain your own advice from a financial adviser with respect to your own individual investment objectives, financial situation and particular needs.

Your superannuation strategy

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

Keep your superannuation up to date

Key life events such as changing jobs, getting married or preparing for retirement usually trigger a need for you to review your financial situation. Superannuation 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 about 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 (and any applicable insurance) in the event of your death is important. If you would like to nominate or update your beneficiary details for your superannuation benefit, please call us on 1300 209 088 to obtain the appropriate form. Alternatively, email us at customerservice@tal.com.au quoting your member number.

For more information on how we pay death benefits from the Fund, please refer to the Customer Education Module titled '[Superannuation death benefits](#)'.

Costs of distributing death benefits

Where we incur legal or other costs in relation to the distribution of a death benefit to a specific beneficiary, we may recover those costs from the death benefit payable to that beneficiary.

Important information about the management of your superannuation

Processing of contributions and withdrawals

The processing of some or all transactions may be temporarily suspended or restricted where market disruptions or extraordinary circumstances mean that it would not be fair and reasonable to continue processing transactions.

Additionally, if we do not receive all the necessary information we may, at our absolute discretion, reject an application for units in whole or in part.

The temporary suspension or restriction of processing of transactions will be lifted when the risk to members has abated sufficiently to make it fair and reasonable to resume processing transactions.

If we believe that processing withdrawals would have a significant adverse effect on the financial position of the Fund or the interests of other members of the Fund, we may seek approval from APRA for a suspension of withdrawals lasting more than 30 days.

Identification requirements

Current Anti-Money Laundering and Counter-Terrorism Financing legislation requires us to identify you and verify your identity when you make withdrawals from your investment. Generally, you will need to provide certain documents (such as a certified copy of your passport or current Driver Licence) to establish or verify your identity. If you do not provide identifying documents, or if we are unable to adequately verify your identity, we may not be able to process your withdrawal. This legislation also imposes reporting obligations on us if we form suspicions about the identity of someone we are transacting with or about the purpose of the transaction itself. In these circumstances we may decide to delay or decline to process that transaction and report it to the regulator if we are concerned that the request or transaction may be in breach of the provisions of the AML/CTF Act or cause us to commit an offence under that Act. If we take this step, we will not incur any liability to you.

Privacy

The way in which TAL collects, handles, secures and discloses your personal information is set out in the TAL Privacy Policy which is available on our website www.tal.com.au/Privacy-Policy or a copy is available free of charge on request.

TAL has processes in place to help to prevent unauthorised people from gaining access to your information. However, there are some steps that you can take to help protect your personal information from unauthorised access or use. The website of the Office of the Australian Information Commissioner at www.oaic.gov.au contains useful information on how you can protect your personal information.

Adjustments

Unfortunately, from time to time, administration or unit pricing errors occur that may affect the value of accrued benefits in the Fund. When a material error has been identified, members' accounts will be adjusted as follows:

- for current members, their investment will be adjusted to ensure it is in the same economic position it would have been in had the error not occurred; and
- for exited members, compensation may be paid where the adjustment is \$20 or more.

Where an exited member has been overpaid, the Investment Provider may seek to recover the overpayment from us. In these circumstances, we reserve our right to recover the overpayment from the exited member.

Fees

We will provide you with 30 days' prior written notice before introducing any additional fee(s) or before any increases (other than CPI increases) to existing fees.

Changes to your insurance

Members with insurance cannot apply for increases to their existing cover. You may apply for new or additional insurance through TAL's Accelerated Protection product. Accelerated Protection is a more modern product with competitive rates. The Product Disclosure Statement is available at www.taladviser.com.au Please speak to your adviser for more information.

Lost members

The ATO maintains a register of 'lost members'. You 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 superannuation

Your benefit in the Fund will become subject to the unclaimed superannuation laws in the following circumstances:

Member category	Criteria
Member 65 years or older	<ul style="list-style-type: none">• The member has reached 65 years of age• We have not received an amount for the member in the past 2 years, and• After a period of five years since we last had contact with the member, we have been unable to contact the member again after making reasonable efforts.
Non-member spouse	<ul style="list-style-type: none">• A payment split applies to a splittable payment for an interest that a member has in the Fund• As a result of the payment split, the non-member spouse (or their legal personal representative if they have died) is entitled to be paid an amount, and• After making reasonable efforts and after a reasonable period has passed, we are unable to ensure that the non-member spouse or their legal personal representative will receive the amount.
Deceased member	<ul style="list-style-type: none">• The member has died• We determine that a death benefit is immediately payable to the member• We have not received an amount for the member within the past 2 years, and• After making reasonable efforts and after a reasonable period has passed, we are unable to ensure that the death benefit will be received by the person entitled to it.
Former temporary resident member	<p>If the ATO believes a former temporary resident has superannuation in the Fund, they will issue us with a notice requiring to pay the amount to them as unclaimed superannuation. A member is a former temporary resident at a point in time if:</p> <ul style="list-style-type: none">• they held a temporary visa that lapsed at least 6 months previously and they left Australia at least six months previously• they are not the holder of a temporary visa, a permanent visa or a prescribed visa, and have not made a valid application for a permanent visa, and• they are not an Australian or New Zealand citizen.
Small or insoluble lost member accounts	<p>A lost member account is taken to be unclaimed superannuation if:</p> <ul style="list-style-type: none">• the balance of the lost member account is less than \$6,000 (small lost member account), or• the lost member account has been inactive for 12 months and we are satisfied that it will never be possible to pay an amount to the member (insoluble lost member account).

A person has a lost member account in the Fund if they are either:

1. uncontactable because we have never held their postal or email address,
2. uncontactable because:
 - we have sent written communications to their last known address and we reasonably believe they can no longer be contacted at that address
 - they have not contacted us in the last 12 months,
 - they have not accessed details about their superannuation from our website in the last 12 months, and
 - we have not received a contribution or rollover for them in the last 12 months, or
3. inactive in that they were enrolled as a member of the Fund by their employer and we have not received a contribution or rollover for them in the last five years.

We must pay unclaimed superannuation 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. Their contact details are:

Call 13 10 20

Website www.ato.gov.au

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

Superannuation surcharge

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

Division 293 tax

Division 293 tax is for high income individuals who receive concessional superannuation contributions. You may complete a release authority form to authorise us to withdraw funds from your superannuation account to pay for the assessed amount of due and payable Division 293 tax. Please refer to www.ato.gov.au for more information.

Eligible rollover fund (ERF)

We are required by superannuation law to select an ERF to which we may transfer your withdrawal benefit. We have established a policy setting out the circumstances under which we may transfer your withdrawal benefit to an ERF. These circumstances include:

- to provide compensation to you after you have left the Fund where you do not give us instructions on how the compensation is to be paid, or
- to facilitate the closure of a product where we conclude that it would not be in the interests of affected members to keep the product open.

All other cases where it is proposed that your withdrawal benefit be transferred to an ERF must be referred to our Board for approval.

We will write to you and give you an opportunity to transfer your superannuation to another product or fund. If you do not transfer your superannuation to another product or fund within the notice period shown in the following table, your superannuation will be transferred to an ERF:

Reason for the transfer	Minimum notice period (calendar days)
Payment of compensation to an exited member	30 days' notice
Closure of a member's product	60 days' notice
Closure of a member's product where they hold insurance	90 days' notice

We reserve the right to alter these circumstances at any time. If we pay your benefit to an 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 optional insurance benefit(s), if applicable) that you have in the Fund will cease. You are able to transfer or withdraw your benefit from the ERF as permitted by superannuation law.

We have nominated the Australian Eligible Rollover Fund as the Fund's ERF. Their contact details are:

Australian Eligible Rollover Fund
Locked Bag 5429
Parramatta NSW 2124

Call 1800 677 424

Email aerfenquiries@perpetual.com.au

Website www.perpetual.com.au/super-funds-aerf.aspx

Overview of governance arrangements

Our primary duty is to administer the Fund solely in the interests of members within the parameters of the superannuation law, prudential standards issued by APRA and the Fund's Trust Deed. To this end, the following Governance Principles are designed to support trustee decision-making within these parameters.

Lay solid foundations for management and oversight

- The Board has established processes to govern the Trustee and the Fund, both directly and through the Office of the Trustee. These processes are documented in various charters and governance policies, which include charters for our Remuneration Committee and Audit, Compliance and Risk Management Committee.
- The Remuneration Committee reviews and makes recommendations regarding the remuneration of our directors and officers. The Audit, Compliance and Risk Management Committee provides an objective non-executive review of the effectiveness of the Fund's financial reporting and our risk management framework.
- The Office of the Trustee is an independent executive office which facilitates the roles and responsibilities of the Board which have been delegated to it in the Charter for the Office of the Trustee.
- The Administrator, Investment Provider and Insurer provide, respectively, administration, investment and risk insurance services for the Fund. These services are governed by the terms of contracts, including life insurance policies, between the Trustee and the Service Provider.
- The Office of the Trustee ensures that the Service Providers have met their obligations to the Trustee under these contracts and the life insurance policies, and continue to have the human, technological and financial resources they need to administer the Fund and meet their financial obligations under the life insurance policies.
- We externally benchmark the administration, investment and risk insurance services the Trustee receives every three years to ensure they continue to be in the best interests of members.
- The operations of the Office of the Trustee and the Service Providers are subject to independent review by the TAL Group internal audit function and/or the external auditor.

Structure the Board and the Office of the Trustee to add value

- The Board Charter sets out the role, responsibilities, authority and membership of the Board, the protocols for Board meetings, and the requirements for and tenure of directors. The performance of the Board and individual directors is reviewed on an annual basis.
- We have a majority independent Board with an independent Chairperson. There is a significant female presence on the Board.
- Our directors and officers, and senior managers of Service Providers who are responsible for the delivery of administration services to members, have been appointed as responsible officers of the Trustee under its AFSL and RSEL.

- Our Fit and Proper Policy sets out the processes that the Board uses to ensure that our responsible officers are fit and proper persons. These processes include the confirmation of the fitness and propriety of responsible officers on appointment and annually thereafter.
- Our Diversity Policy sets out how gender equity on the Board is maintained. We ensure that the Service Providers maintain diversity policies consistent with recommendation 3.2 of the ASX Corporate Governance Principles and Recommendations.

Promote ethical and responsible decision-making

- Our Governance Framework provides the structure within which we promote, among other things, an effective governance culture and remain a good corporate citizen.
- Key elements of the Framework include the charters and delegations that have been established to set out, among other things, the decision-making authority and processes for the Board, the Office of the Trustee and other persons who act for the Trustee. This authority is constrained by our duties at law and under the Trust Deed.
- These charters and delegations are reviewed on a regular basis to ensure that they remain effective and relevant controls, because they are appropriately designed, adequately implemented and operating effectively.
- Where a decision falls outside of a delegate's authority limit, it must be referred to the Office of the Trustee or the Board, as appropriate.
- Conflicts of interests and duty have been identified and documented, and are managed to an outcome that is consistent with the best interests of members under our Conflicts Policy.

Safeguard the integrity of Fund assets

- At the moment, members' benefits in the Fund are wholly determined by reference to life insurance policies.
- Our Investment Strategy and Insurance Strategy for the Fund set out, respectively, the types of investment options and risk insurance cover that may be made available to members.
- The Office of the Trustee ensures that the Insurer and Investment Provider have met their obligations to the Trustee under the life insurance policies and continues to have the human, technological and financial resources they need to meet their financial obligations under these policies.
- The Investment Provider has appointed an investment manager and custodian to separately invest and manage the underlying assets of the life insurance policies.
- Our AML/CTF Joint Program sets out how the identity of members is verified when withdrawals are requested.
- The Fund's annual financial statements and APRA statistical returns are subject to an independent external audit.
- We have implemented a Business Continuity Plan and associated measures to ensure the successful resumption of the operations of the Office of the Trustee and Service Providers following an incident including loss of key personnel, loss of system, loss of building access or complete destruction of the building/local area.

Make timely and balanced disclosure to members

- Members receive a Product Disclosure Statement when they take out their product which describes the significant characteristics and features of the product, including the benefits available, the risks associated with the product and the cost of the product.
- Members receive an Annual Statement which provides the information they need to understand their investment in their product, including details of opening and closing balances, transactions, and investment options (including long term returns).
- The Fund's Annual Report provides members with the information they need to understand management, financial condition and investment performance of the Fund. The Annual Report is published on our website.
- Our Significant Event Policy sets out when and how members must be informed of a material change or significant event, such as a change to their product or investment options. If members are not required to be notified before the change or event occurs, notification will usually be made through the Annual Report or an annual update that may be sent with the Annual Statement.

Respect the rights of members

- Where a member has suffered a financial loss as a result of a default by us of a Service Provider, we will (or ensure that Service Provider will) put the member into the same economic position they would have enjoyed had the default not occurred or provide an appropriate amount of compensation.
- Compensation may not be provided where the cost of recovering / delivering the compensation is greater than the amount of the compensation.
- This obligation is supported by our Operational Risk Financial Requirement and by the indemnity insurance described below. The adequacy of these arrangements is reviewed annually.
- A process is in place to ensure that member inquiries and complaints are properly considered and dealt with in 90 days.

Recognise and manage key material risks

- Our Risk Management Framework provides the structure within which we manage, among other things, the key material risks to an acceptable level within our risk appetite.
- Key elements of the Framework include our Business Strategy and the Risk Management Strategy for our key material risks. The Risk Management Strategy sets out the process through which we recognise, assess, manage and report on risk.
- The Business and Risk Management Strategies are reviewed each year to ensure they remain effective and relevant because they are appropriately designed, adequately implemented and operating effectively.
- Compliance with and the adequacy of the Risk Management Strategy is subject to an independent external audit.
- Our Investment Governance Framework and Insurance Management Framework, which include the Fund's Investment Strategy and Insurance Strategy (respectively), manage the risks that the investments and risk insurance provided through the Fund are not in the best interests of members and/or do not comply with the superannuation law.
- We maintain adequate financial resources because we can absorb the costs arising from the materialisation of a key material risk without disruption within our sources of funding, which include the Operational Risk Financial Requirement and indemnity insurance discussed below.

Encourage enhanced performance

- The Administration Agreement sets out the service standards under which the Administrator administers the Fund and its general standard of care when doing so. Similarly, the Service Level Agreement sets out the service standards under which the Insurer underwrites and assesses claims for insured benefits. These Agreements also set out what happens if the Service Provider fails to meet these standards.
- The Office of the Trustee ensures that the Service Providers have met their obligations to the Trustee under these Agreements and continue to have the human, technological and financial resources they need to administer the Fund and meet their financial obligations under the life insurance policies which provide insured benefits for members.

Compliance with industry standards

Although we are not a member of the Financial Services Council, we voluntarily comply with FSC Standard No 20 Superannuation Governance Policy which includes the following requirements:

Requirement	Status as at 30 September 2017
The board of a superannuation fund trustee must consist of a majority of independent directors and also have an independent chair	Met
Directors may not hold competing directorships, i.e. acting as a director of a trustee of a competing superannuation fund	Met
Disclosure of environmental, social and governance risk reporting for MySuper investment options.	See below
A policy concerning diversity of Board membership	Met
Disclosure of proxy voting records	See below

Environmental, social and governance risks

Social, environmental and ethical issues are important considerations in the overall context of corporate responsibility. However, except where a member has specifically directed investment into an 'ethical' investment option, we do not specifically target social, environmental and ethical investment issues in the investment objectives of the investment options available through the Fund or when engaging an Investment Provider.

Proxy voting

The Fund does not own any securities which have voting rights attached to them. It is fully invested in life insurance policies issued by the Insurer.

Fund information

The Fund

The Fund is a complying superannuation fund under the Superannuation Industry (Supervision) Act 1993 (Cth).

Products

We currently issue a range of investment and risk-only superannuation products from the Fund.

Investment superannuation products allow members to make a financial investment towards their retirement from the workforce by contributing to an investment insurance policy issued by an Insurer through the Fund. The product pays a benefit from the Fund when the member retires, or dies or becomes permanently incapacitated before they retire. In some cases, a member can augment these benefits with optional insurance cover against death, temporary incapacity and/or permanent incapacity.

Risk-only superannuation products structured as superannuation, such as Accelerated Protection, allow members to manage the financial risk of being unable to work, either permanently or temporarily, before they retire by participating in a risk insurance policy issued by an Insurer through the Fund. The product is designed to pay a benefit from the Fund when the member dies, becomes temporarily incapacitated or becomes permanently incapacitated before they retire. Unlike investment superannuation products, risk-only products do not have an account balance – all contributions are paid to the Insurer as premiums for the risk insurance cover.

Operational Risk Financial Requirement

The Trustee maintains an operational risk reserve on its balance sheet. In accordance with superannuation law, this reserve can only be used to rectify a loss to members caused by the materialisation of an operational risk.

Indemnity insurance

We are covered under a professional indemnity insurance policy which meets the requirements of our AFS Licence.

Trust Deed

A legal document called a Trust Deed sets out the Fund's governing rules. We are responsible for ensuring that the Fund operates according to the Trust Deed and that it complies with the superannuation law.

Members may inspect the Trust Deed at any time by arrangement with us (see Directory for our contact details).

Fund review date

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

- determining and reporting your benefits to you (i.e. 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 statistical return to APRA.

Please note that where applicable, your member account balance as at 30 June each year is used to determine your minimum and maximum pension levels for the financial year ahead.

Financial information

The Fund's financial statements have been prepared in accordance with the Australian Accounting Standard AASB 1056 *Superannuation Entities*, and within the rules set out in the Trust Deed and relevant legislative requirements.

Administration expenses incurred in operating the Fund to date have been borne by us, and reflected in the premiums charged to the life insurance policies within the Fund. We are 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.

Contact us

Enquiries

If you have a general enquiry or require further information on your membership, call us on 1300 209 088, Monday to Friday between 9.00am – 5.00pm (AEST/AEDT). Alternatively, email us on customerservice@tal.com.au quoting your member number, or write to us at the following address:

TAL Superannuation Limited
GPO Box 5380
Sydney NSW 2001

Complaints

If you have a complaint regarding your product, please write to our Complaints Manager at the address shown above.

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

Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001

Call 1300 884 114
Email info@sct.gov.au
Website www.sct.gov.au

The SCT is an independent body established by the Commonwealth Government to deal with complaints about superannuation, annuity policies and retirement savings accounts. 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 through our internal complaints resolution process. Please note, time limits apply for the lodgement of complaints with the SCT.