number 1 Life Insurance Company '06 '05 '04
* WA Taylor Report

ZURICH

Zurich Wealth Protection

Supplementary Product Disclosure Statement

This document is a Supplementary Product Disclosure Statement (SPDS) for Zurich Superannuation Term Life Insurance Plus. It supplements the Product Disclosure Statement (PDS) for Zurich Wealth Protection (which includes Zurich Superannuation Term Life Insurance Plus), dated 1 April 2007 and must be read together with Parts 1 and 2 of that PDS.

This SPDS has been issued as a result of changes to Superannuation Law which are effective on 1 July 2007.

The taxation information for Superannuation Term Life Insurance Plus set out in the Wealth Protection PDS (Part 1, page 48) is replaced with the following:

Taxation

- Contributions (which are in turn applied by the Trustee as a premium towards the policy) made by an employer to a superannuation fund to secure cover for the benefit of employees, or to provide benefits for dependants of employees, may be tax deductible to the employer.
- Contributions (which are in turn applied by the Trustee as a premium towards the policy) made by an individual to a superannuation fund to secure personal cover may in certain circumstances be tax deductible if the person is self-employed or substantially self-employed (ie. where less than 10% of assessable income plus reportable fringe benefits is derived from employment or an employee does not receive superannuation from an employer).
- If a benefit becomes payable, any tax must be deducted before a benefit is paid. Generally, Death benefits receive concessional tax treatment. Where a Death benefit is paid to a dependant (and this includes any person with whom you are considered to have an interdependency relationship – defined on page 2), the benefits may be paid free of tax.
- The taxation of disablement benefits can vary depending upon circumstances. To the extent the benefit is a disability benefit (and this requires, amongst other things, two legally qualified medical practitioners to certify that you are unlikely to ever be employed in a capacity for which you are reasonably qualified because of education, training or experience), it forms part of the tax-free component and will be received free of tax. Generally, the amount of the benefit that comprises the tax-free component is the amount of the benefit that relates to the period from the date of your disablement to age 65 in proportion to your entire service period. The remainder of the benefit will comprise the taxable component which is only taxed if you are under age 60. If you are age 60 or older, the amount is tax-free. If you are between your preservation age and age 60, the amount of your taxable component up to the low rate cap amount ($140,000 for the 07/08 financial year which may be indexed in future years) is received tax free. The amount above the low rate cap amount will be taxed at a maximum rate of 15% plus the Medicare Levy. If you are under your preservation age, the full amount of the benefit will be taxed at a maximum of 20% plus Medicare Levy.

Preparation date:
22 May 2007

The issuer of Zurich Superannuation Term Life Insurance Plus is Zurich Australian Superannuation Pty Limited ABN 78 000 880 553, AFSLN 232500, RSE Licence number L0003216, who is the Trustee of the Zurich Master Superannuation Fund (SFN 2540/969/42), RSE Registration number R1067651.

The issuer of life insurance under this product is Zurich Australia Limited ABN 92 000 010 195, AFSLN 232510.

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- The taxable component of a lump sum Death benefit paid to a person who is not a dependant will generally be taxed at a rate of up to 15% plus the Medicare Levy. If the benefit contains an insured amount then a tax of 30% plus the Medicare Levy can apply to the future service component.

  Any tax-free component will be received tax free.

- If a TPD benefit claim is paid to the Trustee of the superannuation fund, but superannuation legislation does not allow the Trustee to pass this to you, it must be preserved in the Fund. Any investment earnings on that preserved amount may be subject to tax at the prevailing rate applicable to superannuation funds (currently 15%) although the ultimate tax liability of investment earnings will depend on the nature of the investments. The accumulated amount will then be paid from the superannuation fund as a Death, Disablement or Retirement benefit and will be taxed (or tax exempt) accordingly.

Interdependency relationship

Two people have an interdependency relationship if:

- they have a close personal relationship; and
- they live together; and
- one or each of them provides the other with financial support; and
- one or each of them provides the other with domestic support and personal care.

Two people also have an interdependency relationship if they have a close personal relationship but due to either or both of them suffering from a physical, intellectual or psychiatric disability, or due to them temporarily living apart, they do not meet the other three requirements of interdependency.

Superannuation surcharge

Effective 1 July 2005, the surcharge payable on individuals' surchargeable contributions and termination payments was abolished. Please note that the superannuation contributions surcharge will continue to be payable on all surchargeable contributions made prior to 1 July 2005, and therefore may appear on annual or other statements following 1 July 2005. The ATO will contact you directly regarding any surcharge obligations.

Taxation of superannuation contributions

Concessional contributions

An employer or eligible person (eg. self-employed or substantially self-employed person) may make contributions to superannuation and receive a tax deduction on the full amount contributed to superannuation. Within superannuation, contribution caps will limit the amount of concessional contributions which will be taxed concessionally at 15%.

Concessional contributions up to $50,000 for the 2007/08 financial year will be taxed at 15%. Contributions above this cap will be taxed at an additional 31.5% (total 46.5%). The $50,000 cap will be indexed each financial year with any increase in Average Weekly Ordinary Time Earnings (AWOTE) but rounded down to the nearest $5,000 increment (note this means there can be nil indexation in a period, in which case the indexation in the following period is calculated by reference to the period before; that is, for example, if there is no indexation for the 08/09 financial year, the calculation for the 09/10 financial year will compare AWOTE in 09/10 back to 07/08). The ATO will receive information from superannuation providers to determine if concessional contributions to superannuation in a financial year exceed the cap.

A transitional rule applies which allows those aged 50 or older to have a concessional contributions cap of $100,000 per financial year (unindexed). The transitional period ends on 30 June 2012. A person who turns 50 during this time can also take advantage of the higher contribution cap from the year they turn 50 until the end of the transitional period.

If the ATO determines that excessive concessional contributions have been made in a financial year, the ATO will advise you. If you have an excessive concessional contribution you are able to either personally pay the additional tax liability or direct payment from a superannuation fund.

Non-concessional contributions

A non-concessional contribution is made from after-tax income or existing savings. The amount of non-concessional contributions you are eligible to contribute to superannuation in a financial year is limited to $150,000. The non-concessional contributions cap will increase each time the concessional contributions cap increases on the basis that it will remain as three times the concessional contributions cap.

If you are under age 65 you are able to bring forward two years' of the non-concessional contributions cap allowing up to a total of $450,000 to be contributed in a single financial year, however you cannot contribute more than $450,000 across the three financial years (based on the 07/08 financial year cap figures).

Once you are age 65, you are limited to making non-concessional contributions of $150,000 (07/08 financial year figure) per financial year up to the 28th day after the end of the month in which you attain age 75 if you satisfy the work test. The work test requires you to be gainfully employed for at least 40 hours within a 30 consecutive day period in the financial year in which the contribution is made.

The Trustee is only able to accept non-concessional member contributions if you provide your TFN and only up to the maximum non-concessional contribution cap.

If you make non-concessional contributions above the limit and we have not been able to identify that you have exceeded the cap (and therefore we have not refunded the contribution), the excess non-concessional contribution will be taxed at the highest marginal tax rate plus Medicare Levy (currently 46.5%). The ATO will receive information regarding all non-concessional contributions made in a financial year to make an assessment. If you have exceeded the limit and are liable to pay the additional tax, the ATO will contact you directly. You will need to nominate a superannuation fund to pay this tax liability. Should you nominate a superannuation fund with insufficient funds to pay the tax liability, then the entire balance will be paid out and you will need to find additional sources to pay the remaining liability (ie. another superannuation fund or personal assets).

Tax file numbers

In order to apply for Superannuation Term Life Insurance Plus, you must provide your TFN. This will allow you to make personal (after-tax) contributions and/or to avoid paying excessive tax on employer (concessional) contributions.

Effective 1 July 2007, if the Trustee has not been informed of your TFN:

- Concessional contributions, which are employer contributions (including salary sacrifice), may be taxed at the highest marginal tax rate (plus the Medicare Levy).
- Any other contributions cannot be accepted by the Fund.

Please note that it was recently announced that the ATO will provide your TFN details to the Trustee on your behalf unless you instruct the ATO otherwise.

Non-concessional contributions (personal / after tax)

To ensure you are able to make personal contributions whenever you wish, you must complete the TFN details on the enclosed application form or contact the Zurich Client Service Centre on 131 551. Failure to do so will mean that the Trustee will be unable to accept your personal contributions.

Concessional contributions (employer / pre tax)

Effective 1 July 2007, employers will be required to pass on your TFN to the superannuation fund in which contributions are paid. Therefore when you quote a TFN for employment purposes it will also be assumed that it has been quoted for superannuation purposes.

Employers did not necessarily have to pass on TFNs to Trustees before 1 July 2007 in some circumstances and therefore members should check that their TFN has been passed on to the Fund.

Important information you need to know before providing your TFN

We are required to tell you the following things before you provide your TFN to the trustee of your superannuation fund. Your TFN is confidential and you should know the following things before you decide to provide it.

- Under the Superannuation Industry (Supervision) Act 1993, taxation legislation and the Privacy Act 1988, we are allowed to collect your TFN.
- If you do provide your TFN to us, we will use it only for legal purposes. This includes finding or identifying your superannuation benefits where other information is insufficient, calculating tax on any superannuation lump sum you may be entitled to, allowing your superannuation provider to quote your TFN to the ATO when reporting details of contributions for the purposes of the Superannuation Surcharge Tax, and providing information to the Commissioner of Taxation.
- It is not an offence if you choose not to quote your TFN. However, if you don't tell us your TFN, either now or later, you may pay more tax on your benefits than you have to. You may reclaim this through the income tax assessment process. It may also be more difficult to find your benefits in the future to pay you any superannuation benefits you are entitled to, or to amalgamate or find any other benefits for you.
- If you provide your TFN to us, we may provide it to the trustee of any other superannuation fund to which your benefits are transferred in the future. We will not pass your TFN to any other fund if you tell us in writing that you do not want us to pass it on. We may also give it to the Commissioner of Taxation. Otherwise we will treat it as confidential.

* WA Taylor 2006 Intermediaries Study – a Study into the Life Insurance and Wealth Management Industry in Australia.

Details of Zurich Superannuation Term Life Insurance Plus can be found in Part 1 and Part 2 of the Zurich Wealth Protection PDS dated 1 April 2007 and this SPDS. The Zurich Wealth Protection PDS covers the following products issued by Zurich Australia Limited: Zurich Protection Plus, Zurich Income Replacement Insurance Plus, Zurich Special Risk Income Replacement Insurance Plus, Zurich Business Expenses Insurance Plus; and Zurich Superannuation Term Life Insurance Plus issued by Zurich Australian Superannuation Pty Limited.

Zurich Australia Limited and Zurich Australian Superannuation Pty Limited are related bodies corporate and will remain related for as long as the products are issued under the Zurich Wealth Protection PDS and this SPDS. Both issuers take full responsibility for the whole of the PDS and this SPDS.

The information contained in this SPDS is general information only. It does not take into account your personal investment objectives, financial situation or particular needs. You should consider the appropriateness of this product having regard to your objectives, financial situation and needs. We recommend you seek professional financial advice before making any decision affecting your investment in these products.

Because change happenz™

ACAE-000462-2007 - ZU08707

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