

Opening a Division F account for your spouse

If you are a Division F Ordinary (ie. in-service) member, you can open a Division F account for your spouse so that they, too, can enjoy the benefits of OSF membership. For the purposes of opening a spouse account, your spouse must be: (i) a person who is legally married to you, (ii) a person (whether of the same or opposite sex) with whom you are in a relationship registered under a prescribed State/Territory relationships register, or (iii) a person (whether of the same or opposite sex) who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

To find out more about spouse accounts, or for an application form, please refer to the product disclosure statement covering Division F Spouse

membership, available from www.osfsuper.com.au or OSF Investor Services.

Splitting super following a relationship breakdown

Super benefits, as with other assets such as property, investments and savings, may be split from one partner to the other under a property settlement in the event of a marriage or relationship breakdown if you are:

- a married couple who separated or divorced after 28 December 2002;
- a married couple who separated or divorced before 28 December 2002 but did not finalise your property settlement prior to that date; or
- an eligible de facto couple[^] (whether of the same or opposite sex) separating on or after 1 March 2009.

[^]Eligible de facto couples can split super benefits in all Australian states

and territories except for South Australia and Western Australia. To date, these state governments have not referred their power to legislate in respect of de facto couples to the Commonwealth, as is the case in other states and territories. Married couples can still split their super benefits in these states.

Super benefits such as accumulation accounts, defined benefits and pensions (including account-based, transition to retirement and lifetime pensions) can be split under family law provisions. Depending on the type of super benefit, there may be rules about when or how a family law split can be paid.

For general information on family law and super, refer to OSF Fact Sheet 8, available from www.osfsuper.com.au or OSF Investor Services.

Super payments to temporary Australian residents

If you are or were a temporary Australian resident, there are some restrictions on how you can receive your super benefit in cash. You are entitled to a *Departing Australia Superannuation Payment (DASP)* (which will be your super benefit less any fees and taxes that apply) if all of the following apply:

- You are not (i) an Australian or New Zealand resident, (ii) a permanent resident of Australia, or (iii) the holder of a 405 or 410 retirement visa.
- You leave Australia.
- Your temporary visa has ceased to have effect.
- The Department of Immigration provides us with written evidence of these facts.

If you do not meet the criteria above, your super benefit can only

be paid to you if you satisfy a condition of release. The availability of those conditions depends on when they are satisfied.

If you have not requested your benefits from your super fund within six months of your temporary visa expiring or leaving Australia, whichever is the later, your benefit will be transferred to the Australian Taxation Office (ATO). This means your super will no longer be held with the OSF and you will need to apply directly to the ATO to access your super. Generally no investment earnings or interest applies to your benefit from the time it is transferred to the ATO.

For more information about temporary resident benefits, please contact OSF Investor Services on 1800 023 928 (or +612 9303 6548 if outside Australia).

DISCLAIMER: This Investment Bulletin and News Update is issued by Commonwealth Bank Officers Superannuation Corporation Pty Limited (ABN 76 074 519 798, AFSL 246418, RSEL L0003087) as Trustee for the Officers' Superannuation Fund (OSF) (ABN 24 248 426 878, RSER R1056877) and forms part of the member Benefit Statement. Information is correct at the time printing (July 2009). In the case of the legislative and Federal Budget updates, the information is based on the Trustee's understanding of these issues at the time of printing.

This information is provided to OSF members for general information only and the Trustee has taken reasonable care in producing it. However, to the extent that you may regard it as containing general advice, the information has been prepared without taking account of your individual objectives, financial situation or needs. Before acting on the information, you should therefore consider its appropriateness having regard to your own objectives, financial situation and needs. You should also consider seeking professional financial advice before making any decisions that may affect your superannuation or your financial future.

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In looking back over the 2008/09 financial year, it is difficult to go past the global financial crisis as the key theme impacting individuals' retirement savings. Like all Australian super funds, the OSF's investments have been affected by the crisis and this has directly impacted on earnings to members, as reflected in the declared rate over the period.

If we consider the past year in two periods, declining sharemarkets during the first two-thirds of the year contributed to disappointing returns across the super industry and other investments exposed to sharemarket movements. However, a strong rebound in sharemarkets over the latter third of the year has reduced the extent of the full-year losses. You can find out more about the OSF's performance in Figure 1 below.

As a defined benefit member, your benefits have been generally immune from most of the impact of the global financial crisis, as movements in investment returns have minimal impact on the growth in your benefit.

Thank you for continuing to support the OSF. We hope you will take some time to read this Investment Bulletin and News Update, including the changes to super as a result of the 2009 Federal Budget and recent legislation changes.

How investment markets affect your super

As a member of an OSF defined benefit division, there is a certainty with your super benefit. Your benefit is calculated using a formula that is generally based on your salary, your length of service with your employer and the rate you have been contributing to your super. Growth in your defined benefit therefore depends on growth in these factors rather than on investment returns. Investment market performance will have little impact on the amount of defined benefit super you get in retirement.

Some defined benefit members, however, may also have accumulation-style benefits in conjunction with their main defined benefit (eg. accumulated member contributions), which are subject to earnings at the OSF's declared rate. This declared rate is determined based on the OSF's investment returns (which may be positive or negative), therefore these accumulation-style benefits are impacted by investment performance.

The OSF declared rate

If applicable to your benefits, the OSF's declared earning rate generally appears as 'interest' or 'earnings' on your contributions to your Benefit Statement. The declared rate applied to your contributions is different to the actual one-year OSF net investment return due to the Trustee's smoothing policy.

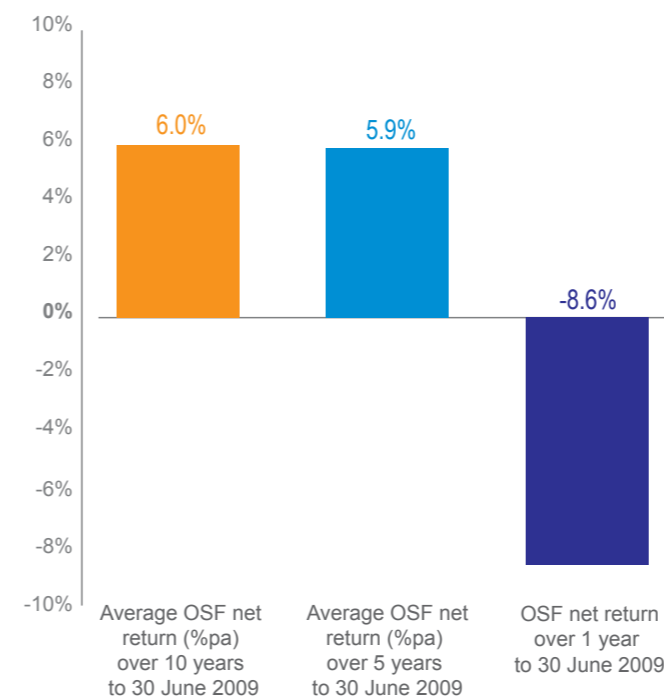
The declared rate changes from year to year depending on the performance of the asset markets that the OSF invests in. While it is expected that investment returns will provide growth over the long term, short-term returns can rise and fall and there may be some years of low or negative returns.

To reduce the effect of short-term changes, the Trustee averages, or 'smooths', returns over a three-year period to reduce the potential for a negative declared rate for any one-year period.

Note: The actual rate that applies to your account depends on the timing of any transactions (eg. contributions or withdrawals) on your account.

Long-term OSF returns to 30 June 2009

FIGURE 1: RETURNS AFTER TAXES, INVESTMENT MANAGEMENT FEES, AND TRANSACTION AND OPERATIONAL COSTS.



It's important to remember that...

Past investment performance is not a reliable predictor of future performance, but longer-term historical data can be useful in assessing how relevant your current year returns are to your retirement savings goals.

OSF Investor Services

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In the 2009 Federal Budget, the Government announced the following changes to superannuation in the face of the global recession and in an effort to reduce the budget deficit.

Concessional contributions cap reduced to \$25,000

Concessional contributions generally include your employer's superannuation guarantee (SG) contributions and any salary sacrifice (pre-tax) contributions you make to your super. There is a cap on the amount of these contributions that can be made to your super without incurring additional tax penalties.

From 1 July 2009, a cap of \$25,000 (indexed) applies per person per financial year. If you are aged 50 or over, a transitional cap of \$50,000 (instead of \$25,000) per financial year applies until 2011/12. If you turn 50 between now and 30 June 2012, the transitional cap will apply for the financial year in which you turn 50 and subsequent financial years up to and including 2011/12.

Concessional contributions up to the cap (or transitional cap if applicable) are treated as taxable at the rate of 15%. You can make concessional contributions above the relevant cap but these excess contributions will incur an *additional 31.5% tax*, which means they will effectively be taxed at the top marginal tax rate. Excess concessional contributions also count towards the non-concessional contributions cap (see following section).

What does this mean for members?

If your combined Notional Taxable Contribution (NTC) (ie. the amount that represents your employer's contributions in respect of your defined benefit super interests for the purposes of this cap) and salary sacrifice contributions (if any) exceed the relevant cap for 2009/10, the excess contributions may be taxed at 46.5% rather than 15%.

Some 'grandfathering' arrangements will continue to apply to certain members with defined benefit interests as at 12 May 2009 whose NTC would otherwise exceed the reduced cap.

Please contact OSF Investor Services for more information on NTCs.

Non-concessional contributions cap remains at \$150,000

Non-concessional contributions are contributions you make to your super from your post-tax salary where no tax deduction has been claimed. The cap on non-concessional contributions will remain at \$150,000 per person for the 2009/10 financial year. This cap will be set at 6 times the concessional contributions cap and will increase accordingly.

The 'bring forward' rule still applies. If you are under age 65, you can bring forward two years of non-concessional contributions and make a larger contribution of up to \$450,000 but you will not be able to make a further contribution in the following two financial years without paying excess tax.

No tax applies to non-concessional contributions up to the cap. If you make contributions above the cap, these excess non-concessional contributions will be taxed at the highest marginal tax rate.

Note: Any excess concessional contributions (see previous section) also count towards this non-concessional contributions cap.

Co-contribution matching rate and maximum payment temporarily reduced

If you make non-concessional contributions to your super and your total income is less than \$61,920[^], the government may make a tax-free co-contribution to your super (eligibility conditions apply).

For every dollar of non-concessional contributions that you make to your super, the government may match your contribution at the rate shown in Table 2.

The maximum co-contribution that you can receive is based on your total income:

- If your total income is \$31,920[^] or less, you may receive up to the maximum co-contribution shown in Table 2.
- If your total income is between \$31,920 and \$61,920, the maximum entitlement shown below is reduced for every dollar of your total income over \$31,920.

For example: If your non-concessional contributions for 2009/10 total \$1,000 and your total income is \$31,920 or less, you may receive a \$1,000 co-contribution. If your non-concessional contributions for 2009/10 total \$1,000 and your total income is between \$31,920 and \$61,920, you may receive up to \$1,000 depending on the maximum that applies to your income level. If your total income for 2009/10 is \$61,920 or more, you are not eligible for a co-contribution.

Note: For the purposes of co-contribution eligibility, 'total income' includes your assessable income plus reportable fringe benefits plus reportable employer superannuation contributions. However, your total income may be reduced by any amount for which you are entitled to a deduction as a result of carrying on a business.

For more information on the co-contribution, refer to OSF Fact Sheet 5, available from www.osfsuper.com.au or OSF Investor Services.

[^] This is the threshold for the 2009/10 financial year. The lower income threshold may be indexed annually; the higher income threshold will be equal to the lower threshold plus \$30,000.

TABLE 2

| Contribution year | The government may match your total contributions at this rate... | Up to a maximum co-contribution of... |
|-------------------|---|---------------------------------------|
| 2009/10 | 100% | \$1,000 |
| 2010/11 | 100% | \$1,000 |
| 2011/12 | 100% | \$1,000 |
| 2012/13 | 125% | \$1,250 |
| 2013/14 | 125% | \$1,250 |
| 2014/15 | 150% | \$1,500 |

Recent legislation changes provide equality for de facto couples in opposite-sex and same-sex relationships in relation to superannuation.

Dependants eligible for death benefits

If you have *defined benefit super* (ie. all OSF divisions except Division F), there are specific rules around the type of benefit payable from your division and who it can be paid to in the event of your death.

Depending on your division, a superannuation death benefit may be payable to any one or more of the following dependants:

- Your 'spouse', who must be (i) a person who is legally married to you, (ii) a person (whether of the same or opposite sex) with whom you are in a relationship registered under a prescribed State/Territory relationships register, or (iii) a person (whether of the same or opposite sex) who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.
- Your 'child', which includes (i) your natural, adopted, ex-nuptial or step-child, (ii) the natural, adopted, ex-nuptial or step-child of your 'spouse' (as defined above), or (iii) a child born to you or your 'spouse' through artificial conception or surrogacy.
- A person with whom you have an 'interdependency relationship', which, according to super law, exists between two people where (i) 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, or (ii) they have a close personal relationship and either or both of them suffer from a physical, intellectual or psychiatric disability (in which case they are not required to live together, nor provide financial or domestic support to each other).
- Your legal personal representative (ie. the administrator or executor of your estate).

For more information, please refer to the Member Booklet for your division (available from the OSF intranet) or contact OSF Investor Services.

Legislation updates continue on page 4

2008/09 Annual Report

The OSF's 2008/09 Annual Report will be available on the OSF's website from mid-November. Simply go to www.osfsuper.com.au and click on 'Document Library' to view or download a copy.

Current Commonwealth Bank Group employees can also access a copy from the OSF intranet site. From the HR Intranet, select Pay & Leave > Pay > Superannuation > OSF and follow the links to Library & Forms > Annual Reports.

If you would prefer a printed copy...

A printed copy of the 2008/09 Annual Report will not automatically be sent to members. If you would like a copy of the 2008/09 Annual Report by mail and would like to continue receiving future Annual Reports by mail, please contact us on 1800 023 928 or email osfms@colonialfirststate.com.au to request a copy free of charge.

Note: If you requested a copy of last year's Annual Report by mail, we will automatically send you a printed copy of this year's Report (and future Reports) free of charge once it is available.