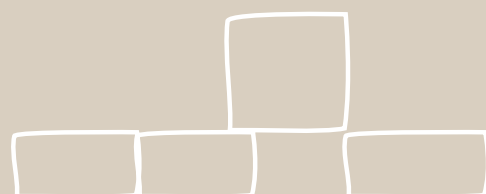




Tax management:

making the most of what is available to you



Manage your tax with WealthBuilder

As an investment bond, WealthBuilder is a 'tax paid' investment. This means that any earnings from your WealthBuilder investment get taxed at the company tax rate of 30% rather than at your marginal tax rate. If you withdraw your investment after 10 years, you generally won't ever have to report any WealthBuilder earnings to the ATO.

What is WealthBuilder?

WealthBuilder is an investment bond that is suited to people looking to save or invest for the medium to long term. WealthBuilder provides access to a range of investment options, but unlike traditional investment products, such as unit trusts, earnings from the investment bond are taxed in the hands of IOOF, rather than the investor.

As a life insurance investment product, WealthBuilder also provides the ability for investors to nominate beneficiaries to receive investment proceeds in the event of death. It provides a unique solution for investment, taxation planning and estate planning needs.

WealthBuilder has different features that are well-suited to preparing for different financial aspirations and milestones in your life. It helps you to plan to build your wealth to meet your goals, as well as managing how you might like to distribute your wealth.

You can select from a range of investment options on the Easy Choice Options or Custom Choice Options menus, accessing quality investment managers and a mix of different asset classes within your single tax paid investment account. WealthBuilder is flexible, allowing you to plan ahead, while also accommodating anything that you have not planned for.

WealthBuilder can meet different needs of different types of people at varying stages of their life – we call it our **multi-generational wealth solution**.

12 WealthBuilder investment options to choose from

The WealthBuilder investment options provide access to quality investment managers and a mix of different asset classes to help meet your individual investment needs.

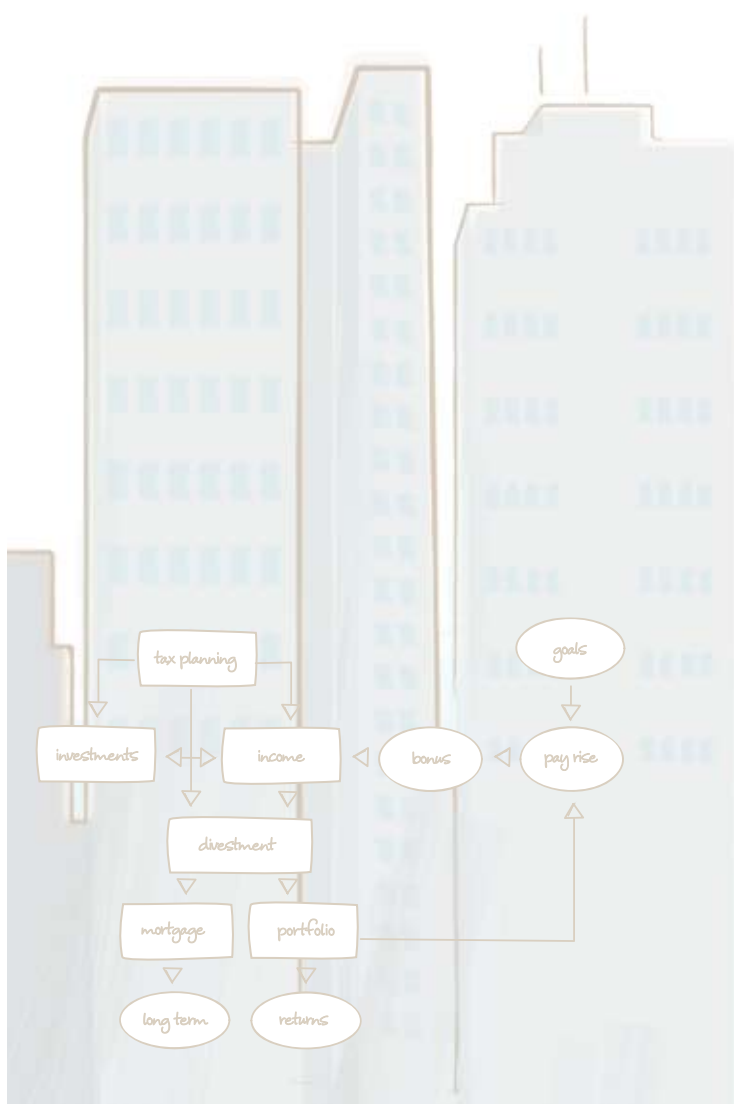
IOOF WealthBuilder Funds

Easy Choice Options:

- Capital Guaranteed Fund
- Fixed Interest Fund
- Australian Shares Fund
- Capital Stable Fund
- Balanced Fund
- High Growth Fund

Custom Choice Options:

- Australian Shares Fund – MultiMix
- International Shares Fund – MultiMix
- Smaller Companies Fund – Perennial
- High Conviction Shares Fund – Perennial
- Global Property Securities Fund – Perennial
- Global Shares High Alpha Fund – Perennial





Make the most of what's available to you



The taxation and social security information outlined in this brochure is general in nature and is based on IOOF's general understanding of relevant legislation and rules at the time of preparation of this document. As with any other investment you may consider, we recommend you seek appropriate financial advice to determine your own taxation and social security position.

Tax advantages for investors

IOOF is the taxpayer, so you, the investor, do not need to declare ongoing investment earnings as assessable income in your personal tax return whilst your money remains invested in your WealthBuilder account.

This provides a system which allows you to defer the application of your marginal tax rate to your investment earnings on withdrawal. This allows you to choose when to access or activate any assessable investment earnings and manage any personal tax when making withdrawals within the 10 year tax period.

It is important to note, that after the 10 year tax period, there is no personal tax whatsoever on your WealthBuilder investments. Any capital component of your withdrawals from WealthBuilder (during or after the 10 year tax period) is always free from personal income tax.

Investors on higher marginal tax rates also have the benefit of investment returns being taxed at the 30% tax rate and not at their higher marginal rate. This provides benefits to the investor while their investment remains in WealthBuilder or if they need to withdraw part or all of their investment within the 10 year tax period.

Tax advantages for children

Investment earnings from a WealthBuilder investment owned by a child less than 18 years of age are taxed in the hands of IOOF at the rate of 30%, which is lower than the penalty tax rate for minors. As IOOF is the taxpayer, no children's tax returns need to be prepared.

Tax on withdrawals

Withdrawals after 10 years

If you make a withdrawal after 10 years from the start date of your WealthBuilder policy, no part of the withdrawal (including any growth on the investment) is assessable by the investor. This means you do not have to pay any tax or report any investment income to the ATO relating to your withdrawal from your WealthBuilder account.



IOOF will let you know how much (if any) income you are required to report to the ATO if you were to withdraw your investment. This information is also included in your WealthBuilder Annual Statement sent to you after 30 June each year.



The 10 year period from the start date of your WealthBuilder policy is known as the '10 year tax period'. It is important to note that the 10 year tax period will be reset if you breach the 125% Rule for contributions. Due to the tax paid structure of investment bonds, there are some limits around the maximum contributions that can be made to a WealthBuilder account each year. You can invest, in any one year, up to 125% of their previous anniversary year's investment amount without affecting the tax benefits of your account. This is called the "125% Rule" – please refer to the PDS for information on the 125% Rule.

Withdrawals within the 10 year tax period

You can withdraw your money at any time with WealthBuilder. However, if you withdraw part or all of your investment within the 10 year tax period, some or all of the investment growth component of your withdrawal value may need to be included in your personal tax return and may be subject to tax.

You will, however be eligible for a compensating tax offset for the tax that has already been paid by IOOF (at the 30% tax rate). This means that on withdrawal:

- you will not incur double the tax on your investment earnings; and
- if your marginal tax rate is less than 30%, you may end up reducing the tax you may need to pay (due to the tax already paid by IOOF) on the investment growth component of your withdrawal. At all times, the capital component of your withdrawal (i.e. any investments you have made less contribution fees) is free of personal income tax.

If your marginal tax rate is lower than the 30% tax already paid and you do not absorb all of the 30% tax offset against your personal income tax liability on your WealthBuilder withdrawal, you can apply the tax offset against your other tax liabilities such as income from wages/salary, capital gains or investment income.

The 30% tax offset applies only in the financial year in which your WealthBuilder investment growth component is withdrawn by you. You will not need to calculate the tax offset yourself, as this will be automatically done for you by the ATO.



Franking credits and other deductions

Like other forms of investing, WealthBuilder's effective tax rate may be adjusted as a result of franking or imputation credits as well as other tax deductions from underlying investments. This means that whilst the tax rate for investment bonds is 30%, the effective tax rate may be lower. For example the effective tax rate for the Australian Shares Fund has averaged 25.02% over the three years ending in June 2007. Please refer to the PDS for more details.



For more information

This brochure is one in a series about the WealthBuilder product, and should be read in conjunction with the WealthBuilder Product Disclosure Statement (PDS). To receive a copy of another brochure, or the PDS, please speak to your financial adviser or contact IOOF.



The IOOF Group – Your Investment Guardians

The IOOF Group is a financial services provider committed to delivering straightforward, quality investment solutions. Built on a long history of providing financial solutions for its members, the IOOF Group has transitioned from a large mutual organisation into a listed, specialist funds management business and platform provider that still values and respects its heritage. With many years of experience helping Australians enhance their financial security, the IOOF Group has the knowledge and expertise to deliver a variety of financial products and services and to be your investment partner throughout your life stages.

Important information

IOOF WealthBuilder ("WealthBuilder") is issued/offered by IOOF Ltd (ABN 21 087 649 625) AFS Licence No. 230522 ("IOOF"). IOOF is a company in the IOOF Group which consists of IOOF Holdings Ltd (ABN 49 100 103 722) and its related bodies corporate. The information contained in this brochure does not and is not intended to contain any recommendations, statements of opinion or advice; is a summary only and should not be solely relied upon by clients considering whether to invest in WealthBuilder; and is of a general nature only and does not take into account your individual objectives, financial situation or needs. IOOF recommends advice from a licensed and qualified financial adviser is sought before an investment decision is made. The WealthBuilder Product Disclosure Statement should be considered when deciding whether to acquire, or to continue to hold, the investment in WealthBuilder. Wealthbuilder commences from 20 October 2008.

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