

Issued: 1 December 2020

# Annex - IOOF Pursuit Focus Personal Superannuation general reference guide (APF.01)

The information in this guide forms part of the disclosure documents for:

- **Annex - IOOF Pursuit Focus Personal Superannuation** including the Product Disclosure Statements (PDS) dated 1 December 2020, **Annex - IOOF Pursuit Focus Investment Guide (APF.02)** and **Annex - IOOF Pursuit Focus Investment Menu (Investment Menu)** and **IOOF Pursuit Insurance guide (PIN.03)**

These documents should be considered before making a decision to acquire the products. We recommend you read this entire guide. The information is divided into the following sections.

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## Important information

This guide has been prepared and issued by IOOF Investment Management Limited (IIML ABN 53 006 695 021, AFSL 230524. IIML is the Trustee of the IOOF Portfolio Service Superannuation Fund (Fund) ABN 70 815 369 818.

Annex – IOOF Pursuit Focus Personal Superannuation (IOOF Pursuit Focus Personal Superannuation) is a superannuation product forming part of the Fund.

IOOF Pursuit Select Personal Superannuation, IOOF Pursuit Focus Personal Superannuation (Super Service), IOOF Pursuit Select Allocated Pension and IOOF Pursuit Focus Allocation Pension (Pension Service) form part of the Fund.

### General advice warning

The information contained in this guide:

- does not and is not intended to contain any recommendations, statements of opinion or advice
- is of a general nature only and does not take into account your individual objectives, financial situation or needs.

You should consider the appropriateness of this information having regard to your objectives, financial situation and needs and you may want to seek advice before deciding whether to acquire this product.

### About the Trustee

IIML is a part of the IOOF group comprising IOOF Holdings Limited ABN 49 100 103 722 and its related bodies corporate (IOOF group).

- As Trustee, IIML is responsible for operating the Fund honestly and in the best interests of members.
- IIML undertakes all of the administrative tasks through IOOF Service Co Pty Ltd ABN 99 074 572 919. IIML has investment and service contracts with related parties within the IOOF group, including IOOF Service Co Pty Ltd. Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023, a related party of the Trustee, has been appointed as the Fund's custodian, meaning it holds the assets of the Fund on behalf of members.

IIML is solely responsible for the content of this PDS which was prepared by IIML based on its interpretation of the relevant legislation as at the date of issue.

Contributions made to, and investments in the Super and Pension Services do not represent assets or liabilities of IIML (other than as trustee of the Fund) or any other company or business within the IOOF group. The terms 'our', 'we', 'us' and 'Trustee' in this PDS refer to IIML.

Neither IIML, nor any other related or associated company, the fund managers providing the managed investments, service providers or the related bodies corporate of the parties mentioned, guarantee the repayment of capital or the performance or any rate of return of the investment options chosen in the Service. Investments made into the investment options in the Service are subject to investment risks and other risks. This could involve delays in the repayment of principal and loss of income or principal invested.

IIML as Trustee of the Fund operates the Service on the terms and conditions outlined in the PDSs and in accordance with the Fund's Trust Deed. We may change any of the terms and conditions set out in the PDSs at any time where permitted to do so under the Trust Deed and superannuation (super) law.

## About the Sponsor

Investment Diversity Limited ABN 21 096 137 156 (IDL or the 'Sponsor') is the Sponsor of Annex – IOOF Pursuit Focus Personal Superannuation (the 'Product') and in that capacity provides certain services to the Product including, but not limited to market research, PDS and communication review, adviser training services, adviser issues escalations and distribution monitoring. IDL is also involved in the selection of the licensed financial advisers who may recommend the Product to members. The Sponsor is paid for the services it provides for the Product. However, this is not an additional charge to you. IDL does not issue interests in the Product, nor guarantee a member's interest in the Product, nor any income or rate of return.

IDL is a wholly owned subsidiary of Centrepont Wealth Limited ABN 63 074 949 429 (CPW). CPW is a wholly owned subsidiary of Centrepont Alliance Limited ABN 72 052 507 507.

## Investment options offered

IIML makes no recommendation regarding the investment options set out in the **Investment Menu**.

As Trustee, IIML regularly monitors the investment options available to members in the Service and provides no assurance that any investment option currently available will continue to be available in the future. We have the right to suspend or cease investments in a specific investment option without reason and can redeem and transfer your investments to your Cash Account in circumstances where the investment option is no longer available and no alternative instructions are provided. We will notify you of any such change where possible before the change occurs. You may incur a buy-sell spread where your investment option is redeemed.

The fund managers have not authorised or caused the issue of this PDS but have consented to the inclusion of statements which relate to their particular managed investment.

IOOF Investment Services Ltd (IISL), ABN 80 007 350 405, AFSL 230703, part of the IOOF group, is the responsible entity of IOOF MultiSeries and IOOF Cash Management Trust (collectively, the Trusts) and receives fees under the Constitutions of the Trusts. These are some of the investment options offered in the Service as listed in the **Investment Menu**.

In order to choose an investment option for your investment strategy, you should review the information in **APF.02** and the **Investment Menu** available on the website ([ioof.com.au/pursuit-focus-annex-investment-menu](http://ioof.com.au/pursuit-focus-annex-investment-menu)).

Before selecting an investment option, your financial adviser should give you the product disclosure statement for that managed investment or fixed-term annuity or the product guide for the term deposit. These documents provide you with important information to consider and evaluate before investing. Product disclosure statements for each managed investment or fixed-term annuity and product guides for each term deposit are also available on our website ([www.ioof.com.au](http://www.ioof.com.au)).

# Everything you need to know about contributions to super

Contributions are invested by us on your behalf in accordance with your investment strategy. The value of the investment options you select forms part of your super account. You do not directly invest into (or hold an interest in) any investment option. This means investing in Pursuit Focus Personal Superannuation is not the same as personally investing in managed investments.

## Making a start

You can start your Pursuit Focus super account with a contribution of \$1,000 or \$500 (if you have selected the Regular Contribution Plan<sup>1</sup>).

Contributions made into your account are credited first to your Cash Account. Your contributions (less any nominated Member Advice Fee – Upfront<sup>2</sup>) will be invested in accordance with your Investment Instructions. Further information contained in 'Your Cash Account' section of this guide.

## How to contribute

One of the benefits of Pursuit Focus Personal Superannuation is that you can contribute to your super account using the below methods:

Method	How?
<b>Payroll deductions</b>	You can nominate Pursuit Focus Personal Superannuation to your employer as your chosen fund for super contributions. Your employer can make employer contributions, such as Superannuation Guarantee, salary sacrifice and voluntary employer contributions and also after-tax personal contributions deducted from payroll. To make sure your employer directs these contributions to your Pursuit Focus Personal Superannuation account (account), you can provide your employer with a Standard Choice form that nominates your account to receive these contributions.
<b>Cheque</b>	You can make initial and additional personal, spouse and downsizer contributions by cheque. All cheques should be made payable to <b>IPS – IOOF Pursuit – [your full name or account number]</b> .
<b>BPAY<sup>®3</sup></b>	You can make additional contributions by BPAY. You can obtain your BPAY Biller Codes and your customer reference number (CRN) by referring to your Statement of Membership, by calling ClientFirst or by logging into Portfolio Online.

<sup>1</sup> Subject to total contributions of a minimum of \$600 per annum.

<sup>2</sup> For more information regarding the member advice fees available, refer to the 'Fees and costs' section of this guide.

<sup>3</sup> BPAY<sup>®</sup> Registered to BPAY Pty Ltd ABN 69 079 137 518. Only available if your nominated financial institution offers this service.

Method	How?
<b>Direct debit</b>	<p>You can make your initial and additional contributions by direct debit (one-off).</p> <p>Alternatively, you can set up a Regular Contribution Plan facility which allows you to set up a direct debit arrangement for regular monthly, quarterly or half-yearly contributions to your super. Please complete the Direct Debit Request Form located in the IOOF Pursuit Focus Personal Superannuation Forms Booklet (Forms Booklet) or on our website. The direct debit will occur from your nominated account with a financial institution once a month or at the frequency you have chosen.</p>
<b>Transfers</b>	<p>Transfer your super benefits from another super fund or from another Pursuit or IOOF Portfolio Service super or pension product to Pursuit Focus Personal Superannuation.</p> <p>If you are transferring your super benefits from another super fund please complete the Request to Transfer located in our Forms Booklet or on our website. If you are transferring your benefit from another Pursuit or IOOF Portfolio Service super or pension product, please complete the relevant section of the IOOF Pursuit Focus Application for Personal Superannuation (Application form) located in the Forms Booklet.</p> <p>Alternatively, you can arrange to transfer your benefits held with another super fund to the Super Service electronically through the Australian Tax Office (ATO). Log on to your myGov account; select the ATO linked service; and then 'Manage my super'. If you haven't got a myGov account you can create one via <a href="http://www.mygov.gov.au">www.mygov.gov.au</a>.</p>

**Please note that we cannot accept super contributions by cash or credit cards.**

Below is a summary of minimum amounts that will apply to your Pursuit Focus Personal Superannuation account:

Minimum amounts	Pursuit Focus
<b>Initial contribution</b>	<ul style="list-style-type: none"> <li>• \$1,000</li> <li>• \$500 with a Regular Contribution Plan<sup>4</sup></li> </ul>
<b>Additional contributions (one-off)</b>	\$50 per contribution.
<b>Regular Contribution Plan</b>	\$50 per frequency.
<b>Lump sum withdrawals<sup>5</sup> (one-off)</b>	The lesser of \$1,000 or your account balance.
<b>Account balance</b>	\$500.
<b>Investment options and switching instruction<sup>6</sup></b>	No minimum per managed investment.
<b>Cash Account</b>	Each contribution requires a minimum allocation to the Cash Account of 1%.

Please note that information about lump sum withdrawals, switching instructions and your Cash Account are included in other sections of this guide.

## What types of contributions can be made?

The Super Service accepts the following contributions:

- **Employer contributions via SuperStream:** these can be:
  - Superannuation Guarantee contributions or contributions under an industrial award.
  - Salary sacrifice or other voluntary employer contributions.
- **Personal contributions:** contributions you make from your after-tax salary or wages. You may then provide us with a notice to claim a deduction in relation to these contributions should you wish. Please refer to 'How do you claim a personal tax deduction for your contributions?' section of this guide.
- **Spouse contributions:** contributions made by your spouse for your benefit.
- **Downsizer contributions:** contributions from the proceeds of selling your family home after age 65.
- **Government contributions:** co-contributions paid by the Commonwealth Government and low-income superannuation tax offset.
- **Contributions made by insurers, contributions from Work cover, ATO interest payments, third party contributions.**
- **Transfers** of super benefits from other super funds, ADFs or superannuation annuities.
- **Transfers** of super benefits from other super or pension accounts within the Fund.

<sup>4</sup> Subject to total contributions (including one-off contributions) of a minimum of \$600 per annum.

<sup>5</sup> Commonwealth Government regulations impose restrictions on when you can make lump sum (cash) withdrawals from super (see the 'Accessing your super' section of this guide).

<sup>6</sup> Investment limits apply to the proportion of your portfolio which can be held in restricted investments. For further information regarding these limits, see the 'Investment limits' section of **IPF.02**.

## When can these contributions be made?

Below is a table setting out the rules for when contributions can be made.

Your age	Contributions we can accept into your super account
<b>Any age</b>	<ul style="list-style-type: none"> <li>• Transfers from another product within the Fund.</li> <li>• Transfers of super benefits from other super funds, ADFs or superannuation annuities.</li> </ul>
<b>Under age 65</b>	<ul style="list-style-type: none"> <li>• All contributions excluding downsizer contributions. This includes personal, spouse and employer contributions.</li> </ul>
<b>Age 65 to 66</b>	<ul style="list-style-type: none"> <li>• All contributions including downsizer contributions.</li> </ul>
<b>Age 67 to 74</b>	<ul style="list-style-type: none"> <li>• Personal contributions, spouse contributions, salary sacrifice and other employer contributions can still be made after you turn age 65 but you will need to meet a work test*.</li> <li>• Superannuation guarantee and Award contributions. No work test applies to these contributions.</li> <li>• Downsizer contributions. No work test applies to these contributions.</li> </ul>
<b>Age 75 or more</b>	<ul style="list-style-type: none"> <li>• Superannuation Guarantee and Award contributions. No work test applies to these contributions.</li> <li>• Downsizer contributions. No work test applies to these contributions.</li> </ul>

\* Under the work test if you are aged 65 or more at the time the contribution is made you must work at least 40 hours in 30 consecutive days in the financial year you make the contributions. Alternatively, if you have worked at least 40 hours in 30 consecutive days in the previous financial year, your total superannuation balance was less than \$300,000 as at the previous 30 June and have not previously used the work test exemption you can be treated as having met the work test.

## Particular types of contributions

### Non-concessional contributions

Non-concessional contributions are personal and spouse contributions which are not tax deductible. The Commonwealth Government sets a cap on the amount of these contributions that can be made to your super each year. From 2020/21 the non-concessional contributions cap is \$100,000 per annum or, if you are under age 65 at any time during the financial year, you can bring forward the next two years' entitlements and contribute up to \$300,000. However, if your 'total superannuation balance' as at the previous 30 June is \$1.6 million or more, your non-concessional contributions cap is nil.

Your total superannuation balance also has an impact on your capacity to bring forward future years of non-concessional contributions cap. If you are under age 65 and your 'total superannuation balance' on the previous 30 June is between \$1.5 million and \$1.6 million, you will not be able to bring forward any future years' cap and you can only contribute \$100,000. If your 'total superannuation balance' on 30 June is between \$1.4 million and \$1.5 million, you can only bring forward one year's cap amount and contribute up to \$200,000 over two years.

Some personal contributions, such as those attributable to the sale of some small business assets and those derived from certain personal injury compensation payments, may be exempt from the non-

concessional contributions cap. For the exemption to apply, you will need to submit the appropriate ATO form with the contributions.

If your contributions either exceed the non-concessional contributions cap or breach the blanket ban on making your non-concessional contributions, the ATO will issue a determination and you can withdraw the excess (banned) amount plus 85% associated earnings. Associated earnings is an amount determined by the ATO based on the statutory General Interest Charge.

By agreement with your employer, personal contributions paid from your after-tax salary can be deducted from your pay and forwarded to the Fund by your employer within 28 days of the end of the month the deduction was made.

## Concessional contributions

Concessional contributions are employer and tax deductible personal contributions. The Commonwealth Government sets an annual cap on the amount of concessional contributions that can be made to your super each year. For 2020/21 this cap is \$25,000.

From 1 July 2018 you will be able to carry forward any unused concessional contributions cap and use that in a later year for up to 5 years. However, you will only be able to contribute additional carried-forward amounts if your total superannuation balance is less than \$500,000 on 30 June of the previous tax year.

Your 'total superannuation balance' is the total amount you hold across super and pension accounts (including the value of any defined benefits and guaranteed pensions but excluding any personal injury compensation contributions).

## Downsizer contributions

Downsizer contributions are contributions made after age 65 from the proceeds of selling your home. Downsizer contributions are not counted under the non-concessional contributions cap but have a separate limit of \$300,000. To be eligible to make downsizer contributions you must have sold your family home and made the contributions within 90 days of receiving the proceeds. You (or your spouse) must have owned the home for at least 10 years before selling it and be able to claim the main residence capital gains tax exemption. You must also submit the ATO approved forms with your downsizer contributions.

If the ATO notifies the Fund that the contributions do not meet the above requirements, the super fund will treat the contributions as personal contributions. If the member is not eligible to make personal contributions, the Fund will be required to refund the contributions.

## Other types of contributions in personal super

### Contribution splitting with your spouse

You can split concessional contributions with your spouse.

If employer contributions and/or deductible personal contributions have been paid into your super account in one financial year, you can apply to the Trustee in the next financial year to split up to 85% of these contributions (up to the concessional contributions cap) to your spouse's super account either within the Fund or another super fund. You cannot split any other contributions to your account.

Only one application can be made to split the applicable contributions from the previous financial year and you must use the application form approved by the Trustee.

Where you are commencing a pension or leaving the Fund, an application to split contributions can be made in the same year as the contribution(s) occurred. In this scenario, your application to split contributions should be made prior to your withdrawal request or before commencing a pension. Applications made after the withdrawal has been completed cannot be processed.



An application is considered invalid if at the time the application was made, the spouse is either age 65 years or older, or is between the relevant preservation age and 65 years and has satisfied the retirement condition of release.

The Trustee is entitled to reject the application if it does not meet the conditions set out on the form. Some of these conditions include that all the required information on the application form has been completed and your minimum account balance (applicable to the relevant product you have acquired) is maintained after the split<sup>7</sup>.

Split contributions will be paid to your spouse's account as a rolled over super benefit. The amount split is not counted towards the concessional or non-concessional contribution caps of the recipient spouse's superannuation account.

We recommend that you contact a financial adviser before you make a decision to split your contributions with your spouse.

Application forms for contribution splitting are available to members via Portfolio Online, on our website ([www.ioof.com.au](http://www.ioof.com.au)) or from ClientFirst.

### **The Government co-contribution – do you qualify?**

If you make personal after-tax contributions to your super account, the Commonwealth Government will make a corresponding co-contribution to your account, subject to you meeting certain requirements, including your income level, age and employment status. The Commonwealth Government will match your contribution by 50%, up to a maximum co-contribution of \$500.

To receive the Government co-contribution, at least 10% of your total income<sup>8</sup> must relate to employment or business income and your total income (less business expenses) must be less than \$54,837 per annum (2020/21 year).

You do not have to make a claim for the Government co-contribution as the Government will pay it automatically to the trustee and we will credit it directly to your super account after the ATO has processed your tax return for the financial year. You can find out more about the Government co-contribution from the ATO website ([www.ato.gov.au](http://www.ato.gov.au)).

### **First Home Super Saver Scheme**

You can make voluntary contributions to your super account and later withdraw those contributions with interest to help buy or build your first home. Voluntary contributions are personal contributions (concessional or non-concessional) and salary sacrifice contributions made after 1 July 2017. The maximum that can be released is \$15,000 of voluntary contributions per year (\$12,750 if the contributions are concessional contributions) or \$30,000 of voluntary contributions in total (\$25,500 if the contributions are concessional contributions) plus interest calculated by the ATO.

When you are ready to buy or build your first home, you apply to the ATO to release those voluntary contributions (less 15% tax if the contributions are concessional contributions) plus an amount for earnings calculated by the ATO. You must be aged 18 or more and have not previously owned property before.

Firstly, the ATO calculates how much can be released from your super. You then request a withdrawal up to that amount and the super fund pays this amount to the ATO. The ATO releases the amount to you after deducting withholding tax on the assessable amount (the concessional contributions and earnings). Once you make a valid request for release of your amount from the ATO you have 12 months to sign contracts to purchase/build a first home. If you haven't purchased a new home after the 12-month period, you can either re-contribute the released amount back to super as a non-concessional personal contribution or the ATO will levy additional tax on it. In extenuating circumstances, you may be able to

<sup>7</sup> Where outstanding tax on contributions or investment earnings exists, this amount may be higher.

<sup>8</sup> Total income for co-contribution purposes is assessable income plus salary sacrifice super contributions and fringe benefits.

apply to the ATO for an extension to the 12-month period.

### **Low income superannuation tax offset**

If you are a low income earner, you are entitled to a tax offset to compensate for the 15% contribution tax paid on concessional contributions made to your account. The tax offset (up to a maximum of \$500) is credited to your super account. To be eligible, you must have adjusted taxable income of less than \$37,000 and business/employment income of at least 10% of your total income. This amount will be paid by the ATO to your super fund automatically – you do not need to apply for LISTO.

### **Can you change your mind and get a refund for your contributions?**

Once you have made contributions to super (including personal, spouse and employer contributions), they must stay in super until you retire after your preservation age (see the 'Accessing your super section' of this guide) for more information. However, you can choose to transfer to another super fund at any time. Note, contributions cannot be refunded under the cooling off period but may be transferred to another super fund or withdrawn if you meet a condition of release.

## Fees and costs

### Additional explanation of fees and costs

This section explains the fees and costs set out in the fee table in Section 6 'Fees and costs' of the PDS and also provides a brief explanation about any additional transactional fees and charges that may apply to your account.

The fees quoted in this section are inclusive of goods and services tax (GST) and any applicable reduced input tax credits (RITCs), unless otherwise stated.

#### Your fees may be different

In certain circumstances, your fees may be different from those described in the PDS and in this guide. This can apply for various historical reasons, including where you joined the Fund as a result of a successor fund transfer or your account was transferred to the Super Service from another product within the Fund.

Often in these circumstances, the Trustee of the Fund agrees to adopt the same fees as the old super fund or product. This allows the Trustee to transfer the super benefits as a whole, while protecting existing rights of transferring members. If this is the case, your fees may be different to those described in the fee table in Section 6 'Fees and costs' of the PDS. In all cases, any different fees will be those that have been agreed between you and your financial adviser.

#### Administration Fee

The Administration Fee represents the annual fees and costs charged by us for operating and managing your super account. This fee includes all administration and other expenses we incur, excluding the member advice fees (outlined below) and the fees and costs charged by the fund managers for each managed investment (the indirect cost ratio, any buy-sell spread and any performance related fee). For further information, see the **Investment Menu**.

The minimum Administration Fee generally applies to account balances below \$35,294, further details about the minimum Administration Fee is contained in the fee table in Section 6 'Fees and costs' of the PDS.

#### Indirect cost ratio

This represents the fees and costs charged by the underlying fund managers and is generally calculated daily as a percentage of the amount you have invested in each managed investment option. It is not deducted directly from your account but is generally incorporated into the unit price of the investment option.

The indirect cost ratio applied by the underlying fund managers for the available managed investment options are set out in the **Investment Menu** and the relevant product disclosure statement for each managed investment which are available on our website.

#### Performance related fees

As Trustee of the Fund we do not charge any performance fees. However, a fund manager may charge a performance fee for a particular managed investment when the investment return generated by the managed investment exceeds a specific criteria or benchmark, referred to in the Fee table (see Section 6 'Fees and Costs' of the PDS) as a 'performance related fee'.

The performance related fee (if applicable) is generally calculated daily as a percentage of the amount that you have invested in the managed investment. The fee is generally deducted on a monthly, quarterly or annual basis. Please refer to the product disclosure statement for the relevant managed investment for further details.

A fund manager may incorporate the cost into the unit price of the managed investment, or alternatively, the fund manager can charge us and we will pass on the cost to you by directly deducting it from your account.

The fund managers that can charge a performance related fee are outlined in the **Investment Menu**. The indirect cost ratio information in the **Investment Menu** includes any applicable performance related fee. For up to date information please refer to the product disclosure statement issued by the fund manager for the particular managed investment which are available on our website.

### Transaction costs – managed investments

Some managed investments have a difference between their entry (purchase) and exit (sale) unit prices and this is referred to as the buy-sell spread. This difference is an allowance for the transaction costs (such as brokerage, clearing and settlement costs and stamp duty, if applicable) of buying and selling the underlying securities/assets incurred by the fund manager of the particular managed investment.

The buy-sell spread (if applicable) is incurred when you purchase or redeem units in a managed investment (at the time of a switch or when you move money in or out of your account) and is in addition to indirect cost ratios and performance related fees. However, the buy-sell spreads are not charged separately to your account – they are generally included in the unit prices of each managed investment. The buy-sell spread that applies to each managed investment can change from time to time. Details of the buy-sell spread (or how to obtain the current buy-sell spread) applicable to each investment option are outlined in the **Investment Menu** and the product disclosure statement issued by the fund manager for the particular managed investment which are available on our website.

Other transaction costs may also be incurred in managing the underlying funds of the managed investments selected by you. These transaction costs may include brokerage, settlement costs, clearing costs, stamp duty, custody transaction costs and government charges incurred by the underlying funds. The costs of trading in over-the-counter derivatives may also give rise to transaction costs.

These transaction costs are in addition to the indirect costs but are not charged separately to your account - they are generally included in the unit prices of each managed investment. The transaction costs that applies to each managed investment can change from time to time. Details of the net transaction cost applicable to each investment option are outlined in the **Investment Menu** and the product disclosure statement issued by the fund manager for the particular managed investment which are available on our website.

### Advice fees

You can request that we acquire and pay for the services of a financial adviser selected by you to provide financial advice in relation to your super investment. We do not supervise the provision of services by your selected financial adviser.

The following optional fees are available for you to select the most appropriate remuneration arrangement with the financial adviser:

- Member Advice Fee – Upfront
- Member Advice Fee – (FTA or Ongoing)
- Member Advice Fee – One-Off
- Member Advice Fee – Insurance

#### **Important Note:**

Indexation **cannot** be applied to Advice fees.

You may agree to one, or more of these options. For each option, we set a maximum amount that we will pay to the financial adviser or their Australian Financial Services Licensee (Licensee). You and the financial adviser must agree on the amount of each member advice fee within these relevant limits.

The amount of any member advice fee(s) that we pay to the financial adviser or their Licensee, as authorised by you, will be an additional cost to you and charged against your super account. We shall not charge a member advice fee unless you tell us to do so.

Any agreed member advice fee(s) will be charged by us to your account and paid in full to the financial adviser or their Licensee, until you instruct us to cease payment, when you change your nominated financial adviser, or we are notified of your death. Member advice fees can only be deducted from your super account if they relate to advice you receive about your super/pension benefits, insurance and investments.

The member advice fee(s) paid to your financial adviser and their Licensee (and quoted in this section) are inclusive of GST. The actual amount deducted from your account may be less than the amount quoted. This is because the Fund may be able to claim an RITC on some of these fees. Where the Fund is able to claim an RITC the benefit is passed on to you which effectively reduces the fee. For example, you may agree to pay your financial adviser a Member Advice Fee – Upfront of 1.07% (inclusive of GST). However, the actual Member Advice Fee – Upfront deducted from your account would be 1.00% due to the effect of RITC as explained above.

Note that the RITC rules are subject to change and this may impact the RITC available in the future.

### Fixed Term Arrangement (FTA) on advice fees

With your written consent, an FTA can be negotiated with your financial adviser. The fee which is subject to the FTA will have a specified start date and end date, however the end date cannot exceed 12 months beyond the start date.

The following advice fees are available for you to select under an FTA with your financial adviser.

- Member Advice Fee
- Member Advice Fee – Insurance

#### Important:

- You cannot elect to have a 'Member Advice Fee – Upfront' if you have agreed to have the 'Member Advice Fee' under an FTA.
- Your account can only have one FTA at any given point in time and only one start date and end date on the FTA which will be applied to all fees under the FTA.
- The FTA start date cannot be backdated, as such if the start date is prior to the processing date, then the FTA will start on the date that it is processed.

### Member Advice Fee – Upfront

You can agree that this upfront advice fee is to be deducted from contributions/rollovers made to your account on an ongoing basis.

You **cannot** elect to have a Member Advice Fee – Upfront if you have agreed to have a Member Advice Fee under an FTA.

This fee is charged by us and we deduct the net cost from your account. We then pay the full amount to the financial adviser for financial advice and services provided to you in relation to:

- the establishment of your account
- subsequent contributions made to your account.

You can agree with the financial adviser on the amount of this fee up to a maximum of 5.5% (inclusive of GST) of each contribution made. For example, on an initial contribution of \$50,000, we would pay the financial adviser up to a maximum of \$2,750.

You can agree to a different amount for the following types of contributions made to your account:

- initial or one-off contributions received by cheque (excluding transfers/rollovers)
- BPAY/direct debit contributions
- transfers/rollovers.

The amount of this fee is deducted from your Cash Account at the time of each contribution.

This fee is not applied to:

- transfers from another IOOF Pursuit or IOOF Portfolio Service product
- any income distributions credited to your Cash Account
- switches between investment options
- any transfer from your spouse's account in the Fund under a contribution splitting arrangement
- contributions or rollovers paid for or facilitated by the Government or the Trustee (eg. Government co-contributions; low income earner contributions).

### Member Advice Fee – (FTA or Ongoing)

You can agree that this advice fee is to be deducted based on the value of your account and/or a fixed dollar amount on an ongoing basis or as part of an FTA. You cannot elect to have both.

This fee is charged by us and we deduct the net cost from your account. We then pay the full amount to the financial adviser for ongoing financial advice and services provided to you in relation to your account. You can agree with the financial adviser on the amount of this fee which can be:

- flat percentage fee of up to a maximum of 2.2% per annum (inclusive of GST) of your account balance (calculated daily); or
- tiered percentage fee up to a maximum of 2.2% per annum (inclusive of GST) to apply at different account balance (calculated daily) subject to a maximum of 5 tiers; and/or flat dollar fee of up to a maximum of \$1,500 per month (inclusive of GST). If you have nominated a flat dollar fee.

The amount of this fee is accrued daily and is deducted from your Cash Account at the beginning of each calendar month. For example, on an average monthly account balance (over 12 months) of \$50,000, we would pay the financial adviser up to a maximum of \$1,100 per annum (based on a flat percentage Member Advice Fee – (FTA or Ongoing) of 2.2% per annum) (inclusive of GST).

### Member Advice Fee – One-Off

You can agree to a one-off advice fee. This fee is charged by us and we deduct the net cost from your account. We then pay the full amount to the financial adviser for one-off financial advice and services provided in relation to your super account.

The amount of this fee can be up to:

- a maximum of 10% of the account balance up to a fee of \$11,000 (inclusive of GST); **or**
- a maximum of \$3,300 (inclusive of GST) where the fee is greater than 10% of the account balance.

A new request must be supplied each time you wish this fee to be applied.

## Member Advice Fee – Insurance

You can agree that this advice fee is to be deducted based on the value of your insurance premium or a fixed dollar amount on an ongoing basis. This fee is charged by us and we deduct the net cost from your account. We then pay the full amount to the financial adviser for ongoing financial advice and services provided to you in relation to your insurance. You can agree with the financial adviser on the amount of this fee which can be either:

- up to a maximum of 50% per annum (inclusive of GST) of your insurance premium (calculated daily) for each type of insurance cover<sup>9</sup>; **or**
- up to a maximum of \$1,500 per month (inclusive of GST).

The amount of this fee is accrued daily and is deducted from your Cash Account at the beginning of each calendar month. For example, on an insurance premium of \$1,000 per annum for Death Cover, we would pay the financial adviser up to a maximum of \$500 per annum (based on a Member Advice Fee – Insurance of 50% per annum) (inclusive of GST).

This fee relates to insurance purchased via group life and income protection insurance policies and will only be charged if an insurance premium has been deducted from your Cash Account. It cannot be charged where your financial adviser is being paid an insurance commission for group life and/or income protection insurance cover.

### Additional financial adviser benefits

Where the law allows, we may pay alternative forms of remuneration and/or non-monetary (soft dollar) benefits to a financial adviser or their dealer group.

Dealer groups and other Licensees who have an agreement with us on or before 30 June 2013, may continue to receive remuneration in the form of monetary benefits.

These alternative forms of remuneration and/or non-monetary benefits are paid from our resources and are not separate or additional charges to you.

Your financial adviser should provide you with the details of any benefits that they may receive. This information will be included in the adviser's Financial Services Guide and/or a Statement/Record of Advice.

## Other fees and costs

### Insurance premiums

#### 1. Group life and income protection

Insurance premiums are deducted from your Cash Account each month in arrears. Your annual insurance premium is shown on your Statement of Membership as well as on your Annual Statement.

We receive an Administration Fee of 9.35% (inclusive of GST) of the insurance premium deducted from your Cash Account. This fee is to cover the costs associated with administering the insurance arrangement.

#### 2. Retail insurance

Insurance premiums are deducted from your Cash Account and vary according to the type and amount of insurance cover you select.

<sup>9</sup> You can nominate a different amount for each type of insurance cover.

## Insurance commission

### 1. Retail insurance

Any commission that may be payable to a financial adviser for insurance cover is factored into the cost of your cover. Any amount paid is as agreed between you, your financial adviser and the relevant insurer.

### Dishonour fees

If any direct debit or BPAY transaction from your nominated account with a financial institution is returned unpaid or your cheque is dishonoured, we are entitled to pass on to you any fees associated with the dishonour. This fee will be deducted from your Cash Account at the time of the dishonour.

### Expense recovery

The Trustee is entitled to recoup out-of-pocket expenses from the assets of the Fund, where such expenses are properly incurred (such as certain regulatory levies or government imposts, professional fees and other expenses). The amount charged is the actual amount of the expense incurred. Such expenses will be recovered from the Fund, where practicable, and may flow through as a deduction from your account at the time the expense is applied.

### Expenses for transferring assets into your account

Where the Trustee permits the transfer of assets into the Fund as some or all of your rollover, any external expenses (including stamp duty) incurred by the Trustee in facilitating the transfer shall be debited to your account. In addition, the Trustee may apply an administration fee per asset transferred into the Fund on a cost recovery basis.

## Low account balances

If there are insufficient funds in your super account to pay the fees (including the Administration Fee and member advice fee(s)) due in any month, the fees will be waived. Where member advice fee(s) are waived no further fee(s) will be paid to the financial adviser or their Licensee until there are sufficient funds to meet such fees. Any member advice fee(s) waived will not be recovered.

If there are insufficient funds in your super account to pay the cost of insurance (if any) due in that month, you will have 90 days to increase your account balance so that the full amount of the premiums can be deducted, we will notify you in writing and request an additional contribution. Overdue premiums and any associated Member Advice Fee – Insurance will be recouped from any additional funds contributed in your account, unless the insurance cover has lapsed. Please refer to the **IOOF Pursuit insurance guide (PIN.03)** to fully understand how low account balances can impact your insurance cover.

#### Fee rebate for low account balances

You will receive a fee rebate if:

- Your account balance is less than \$6,000 (net of accrued liabilities) at the end of the financial year; or
- The withdrawal benefit on closure of your account is less than \$6,000

In these cases, a fee cap of 3% of your account balance will apply to the total administration fees, expense recovery fees and indirect costs incurred during that financial year. If excess fees are charged, you will be paid a fee rebate to your account at the end of the financial year or to your benefit prior to withdrawal.



## GST and taxes

The fees quoted in this section are inclusive of GST and any applicable RITCs, unless otherwise stated. The benefits of any available input tax credits are passed on to you in the form of reduced fees or costs. See the 'How super is taxed' section on page 16 of this guide for more information on tax.

## Netting

We often buy and sell units in a managed investment on the same day. We intend to deal as a net buyer or net seller of units on any given day. As a result, no transactions may need to be made at all to give effect to your Investment Instruction. However, you will still receive the prevailing sell or buy price applied to your particular investment transaction. We are entitled to retain any benefit that may arise from the netting of transactions.

## Fund manager payments

We may receive a fee from the fund managers of certain investment options for administration and investment related services. Any arrangements that have been entered into on or after are in line with government reforms and will be charged on a flat dollar basis. Fund manager payments may vary. They are an administrative related fee retained by us and are **not** an additional cost to you.

## Alteration to fees

In certain circumstances, where it is reasonable for us to do so, we may alter the fees and costs applied to your super account (subject to law). However, before doing so, we will provide you with at least 30 days' notice if you are adversely affected by the change. We also have the right to introduce new fees.

External cost pressures such as increased regulatory complexity and the introduction of new or improved member services are but two of the circumstances that may give rise to an increase in fees and other costs. The Trust Deed does not impose maximum limits in relation to fees and costs for the Super Service.

The Trustee or fund managers may impose redemption fees with the intention of safeguarding members' investments. Insurance premiums may also be altered by the Insurer. You will be given at least 30 days' written notice of these proposed alterations if you are adversely affected by the change. Any increase in Government charges may be passed on to you at any time by increasing your premium payable without notification.

## Accessing your super

The Commonwealth Government requires you to meet certain conditions before you can withdraw your super as a cash lump sum or you can commence an income stream.

### What are your access options?

Your money can stay in super as long as you like as you don't have to access your benefits when you retire. However, once you reach preservation age and retire, there is a tax-effective way to access your super. You can convert your accumulated super into a Retirement phase income stream such as a Pursuit Focus Allocated Pension. This is a particularly tax-effective way to take your benefits because not only are the payments tax-free from age 60, but the investment assets backing the pension are held in a tax-free environment.

Even if you are still working, once you reach your preservation age you can commence a Pursuit Focus Allocated Pension using the Transition to retirement (TTR) pension option. Under this option, you can receive income through your pension while continuing to contribute to your super account however investment earnings will be subject to the same rates of tax as in the Super Service. Members in the Super Service can transfer their super into the Pension Service without incurring CGT.

### What happens if you decide to leave or make a withdrawal?

- You can ask us to transfer your super benefits to another super fund at any time. As long as we have all necessary information we usually have 30 days to complete the transfer.
- You can also ask us to transfer your account balance to another super product in the Fund. See the 'Other general information' section in this guide for further information.
- If you qualify<sup>10</sup> you can make a lump sum (cash) withdrawal.

You can only make a partial withdrawal in cash or by transfer to another super fund if at least \$6000 remains in your account (net of accrued liabilities). If you are making a partial transfer to another super or pension account within the Fund, the minimum balance remaining in your existing account is \$10,000.

The minimum amount you can withdraw is the lesser of \$2,000 or your remaining account balance. The top up cash option nominated will be used to identify the investment option(s) that should be redeemed (if required) to pay any withdrawals (when your request is not accompanied by a specific withdrawal instruction). Alternatively, a withdrawal can be redeemed from the investment option(s) you specify.

Upon leaving the Super Service, you will receive an Exit Statement showing your closing balance and all transactions since the opening of your account or your last Annual Statement.

<sup>10</sup> Commonwealth Government regulations impose restrictions on when you can make lump sum (cash) withdrawals from super (further details are provided in this section).

## General conditions for withdrawing the various components of your super

Components	When can you withdraw your super in cash?
<b>Unrestricted non-preserved benefits</b>	At any time.
<b>Restricted non-preserved benefits</b>	When you: <ul style="list-style-type: none"> <li>• terminate employment with an employer who has contributed to your super account</li> <li>• retire on or after reaching your preservation age</li> <li>• reach age 65.</li> </ul>
<b>Preserved benefits</b>	When you: <ul style="list-style-type: none"> <li>• retire on or after reaching your preservation age</li> <li>• reach age 65.</li> </ul>
<b>All components</b>	Can be transferred to another super fund or super account at any time.

### Important note

Contributions (other than part or all of some transfers) made by you or on your behalf to a super fund and any investment income earned on those contributions are preserved benefits.

## Restricted non-preserved and preserved benefits

Both restricted non-preserved and preserved benefits become unrestricted non-preserved amounts when one of the following conditions of release is satisfied:

- You permanently retire from the workforce on or after reaching your preservation age
- You leave employment after age 60
- You reach age 65
- You become permanently incapacitated or terminally ill (if you have insurance, your insured benefit may become payable).

Once you have met one of the above conditions, your entire benefit is unrestricted non-preserved and you can withdraw your benefit as a lump sum or income stream at any time.

To request a full or partial lump sum withdrawal from your account, please complete a Benefit Payment Request form available from our website or from ClientFirst.

The tax consequences associated with making withdrawals are described in the 'How super is taxed' section of this guide.

Other conditions of release may be available in limited circumstances. These include if you:

- attain preservation age
- become temporarily incapacitated (if you have income protection insurance, your insured benefit may become payable)
- are a temporary resident departing Australia permanently
- suffer severe financial hardship

- qualify for an early release on the grounds of severe financial hardship or specified compassionate grounds (in these circumstances only part of your benefit may be released, in most cases) or
- provide the Fund with a release authority via the ATO, which allows you to withdraw any excess non-concessional contributions plus 85% of associated earnings, or up to 85% of excess concessional contributions or pay your Division 293 tax liability.

Under super law, there are strict qualifying criteria that must be met in each of these circumstances and not all of these circumstances allow a total withdrawal from your account. In addition, restrictions can apply to the form of payment. If you roll over an existing preserved benefit, this will also be preserved in the super account until you meet a condition of release.

## Retirement definition

For a person who has reached their preservation age, retirement occurs when an arrangement under which you were gainfully employed has ceased and you never intend to become gainfully employed again for 10 hours or more per week.

For a person aged 60 or over, retirement can also occur when an arrangement under which you were gainfully employed has come to an end. At age 65, you can be paid your benefit even though you have not left work.

## Preservation age

Generally, you cannot access your super until you retire after reaching your preservation age. Your preservation age is determined by your date of birth as follows:

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

## Can you transfer your benefit?

You can transfer your benefit to another complying super fund that is willing to accept it, at any time.

## Can you commence an income stream with your benefit?

You can generally commence an income stream with your benefit if:

- you have unrestricted non-preserved benefits
- you have satisfied a condition of release
- you have reached your preservation age and are purchasing a TTR allocated pension with the preserved and restricted non-preserved components of your benefit.

## Special rules for temporary residents

If you are a temporary resident of Australia, you can generally access any Australian super benefits you have if:

- you satisfied a condition of release before 1 April 2009 under the rules that applied at that time
- you leave Australia and your temporary visa has been cancelled or expired (known as a departing Australia superannuation payment (DASP))
- you suffer temporary or permanent incapacity or a terminal illness
- you die (in which case the super benefits would be paid to your beneficiaries).

If you do not take your super benefits with you upon departure from Australia as a DASP within six months, we must pay the super benefits to the ATO as instructed. You can later claim the amount of the benefits back from the ATO. Where benefits are transferred to the ATO in this manner, the Trustee will rely on ASIC relief and will not issue you with an exit statement in respect of the super benefit at the time of, or after, the benefit is transferred. If you would like more information about how to claim your super benefits from the ATO as a temporary resident, please visit the ATO website ([www.ato.gov.au](http://www.ato.gov.au)).

## How is super treated for Centrelink/Department of Veterans' Affairs purposes?

The Commonwealth Government applies two tests, the income test and the assets test, to assess whether you are eligible for a Centrelink or Department of Veterans' Affairs (DVA) pension or allowance payment. The test which gives you the lower rate of payment is the one Centrelink or DVA will use to determine your eligibility for a pension or allowance.

Benefits held in super accounts in the Fund are exempt from assessment under the Centrelink or DVA means tests until you reach Age Pension age. Once you reach Age Pension age (currently age 66), your account balance is treated as a financial asset under the Centrelink/DVA assets test and is deemed to earn a set rate of income under the Centrelink/DVA income test. For more information about the Centrelink/DVA means tests, please contact your financial adviser.

## How super is taxed

Super is one of the most tax-effective ways to invest. Pre-tax contributions made by you or your employer (which include salary sacrifice contributions) are taxed at the special super rate of 15%. When you take your money out after age 60 – you do not get taxed at all.

This guide provides you with some general information about the tax implications of investing in super, including:

- what tax concessions apply to contributions
- how pension payments are taxed
- what tax applies to withdrawals
- how investment income is taxed
- tax treatment of investments if you take benefits as a pension.

### Seek advice

The laws relating to super, including tax laws, are complex and subject to change from time to time. We recommend that you obtain professional advice on the tax consequences before investing.

### Use super for lower tax on investments

The great advantage of super is that you can grow your investments in a low tax environment and take your retirement benefits tax-free once you turn age 60.

Through super you can access investment options across all asset classes and receive investment earnings into your super account – all in a low tax environment.

### Tax on contributions going into your super

Most contributions are categorised into two distinct types:

- Concessional contributions (known as 'before-tax' contributions); and
- Non-concessional contributions (known as 'after-tax' contributions).

The most common examples of each are listed below:

Concessional contributions	Non-concessional contributions
Employer contributions (including Superannuation Guarantee (SG) contributions)	Personal after-tax contributions
Salary sacrifice contributions (these are technically also employer contributions)	Spouse contributions
Tax deductible personal contributions	

Concessional contributions are taxed at the rate of 15% in the Fund. If you are a low income earner, you are entitled to a tax offset to compensate for the 15% contribution tax paid on concessional contributions made to your account. The tax offset (up to a maximum of \$500) is credited to your super account. In addition, individuals with income above \$250,000 per annum will pay an additional 15% tax on concessional contributions. As superannuation is a low taxed environment, the Commonwealth Government sets a maximum limit that you can contribute in each financial year for each type of contribution before additional tax is payable. The table below shows you the maximum amount you can contribute before additional tax applies:

Concessional contributions cap	Non-concessional contributions cap
A maximum total of \$25,000 a year.	A maximum total of \$100,000 a year <sup>11</sup> .

The remainder of this section provides full details of the contributions caps to ensure you do not end up paying more tax than you expected. This section also contains information on special arrangements for larger contribution amounts.

You are assessed personally for any tax on excess contributions. Therefore, it is your responsibility (with your employer) to ensure that you do not exceed the caps.

## Contributions to super

### Tax deductions for contributions to super

Some contributions to super are tax deductible. These contributions (sometimes called before-tax contributions) are:

#### 1. Employer contributions

These include:

- salary sacrifice contributions
- voluntary employer contributions
- compulsory employer contributions (such as SG contributions).

#### 2. Personal contributions

These are personal contributions you make which you notify the super fund that you intend to claim as a tax deduction.

If you are aged 18 to 64 you can make personal contributions and claim a tax deduction for those contributions if you have sufficient assessable income to claim the deduction. For those aged 65 to 74, tax deductions for personal contributions are also available, but you must meet a work test to make the contributions or contribute under the one-off work test exemption. If you are aged 75 or more, you cannot make personal contributions.

### How do you claim a personal tax deduction for your contributions to super?

If you would like to claim a tax deduction for your personal contributions, you must notify us of your intention before the earlier of the following:

- when you submit your income tax return
- at the end of the next financial year after you have made the contribution.

We will provide you with the notification form (called a tax deduction notice) after the end of the relevant financial year or you can download a copy from our website. Alternatively, you can use the ATO's approved *Notice of intent to claim or vary a deduction for personal super contributions* form available from [www.ato.gov.au](http://www.ato.gov.au)

You will not be able to claim a personal tax deduction for your contributions if, before we acknowledge receipt of the form, you:

- decide to leave the Fund
- make a partial withdrawal including some of your contributions<sup>12</sup>

<sup>11</sup> Until you reach age 65, you can choose to bring forward up to two years' entitlements and contribute up to \$300,000 of non-concessional contributions in any three year period. The capacity to bring forward future years' cap entitlements may be restricted if the total value of your super and pension benefits more than \$1.4 million.

<sup>12</sup> With a partial withdrawal, some of the personal contributions are deemed by the ATO to be paid out of the Fund, and therefore unless a tax deduction notice is received beforehand (and the trustee acknowledgement issued) the full contribution is not tax deductible.

- decide to transfer your benefits to a pension within the Fund
- choose to split the contributions with your spouse.

If you wish to use a tax deductible contribution as part of the purchase price of a pension, you will need make these contributions to an accumulation super account (such as Pursuit Focus Personal Superannuation), accompanied by an IOOF tax deduction notice or the ATO approved form. Once this has been processed, you can then transfer your benefits to start a pension.

### **Are tax deductions available for super contributions made after age 65?**

You can claim a tax deduction for your personal contributions and your employer can claim a tax deduction for salary sacrifice and voluntary employer contributions made up until 28 days after the month you turn age 75. However, these contributions cannot be made to super after you turn age 65, unless you have met the 'work test' during the financial year. Under the work test, you need to have worked in paid employment or be self-employed for at least 40 hours during a 30-day consecutive period during the financial year.

Tax deductions are available to the employer on compulsory employer contributions (such as Superannuation Guarantee contributions) regardless of your age.

### **Are any tax offsets available for super contributions?**

If you have a spouse who makes contributions to your super account or makes a contribution to purchase your pension, these contributions are not tax deductible, but your spouse may be eligible to receive the spouse contributions tax offset.

The spouse tax offset is 18% of the spouse contribution made to your account, up to a maximum of \$540 and is available where your income is \$37,000 per annum or less. The maximum offset reduces where your income exceeds \$37,000 and ceases at \$40,000. The spouse tax offset is claimed through your spouse's personal income tax return.

If your income is \$37,000 or less, you may be entitled to the low income superannuation tax offset. This is a refund of the 15% tax on concessional contributions made to your super account, up to a maximum \$500 and is credited to your super account.

### **Are there any caps on concessional contributions to super?**

The Commonwealth Government sets an annual cap on tax concessions attributed to super contributions. From 1 July 2020 this cap is \$25,000 per individual and applies to all concessional contributions (for example employer contributions and deductible personal contributions)<sup>13</sup>.

From 1 July 2018, any unused concessional contributions cap amount may be carried forward and used in a later year, for up to five years. However, you will only be able to contribute additional carried-forward amounts if your total superannuation balance is less than \$500,000 on 30 June of the previous tax year.

For example, if you make \$20,000 of concessional contributions during the 2019/20 tax year, you can make up to \$30,000 of concessional contributions in the 2020/21 tax year (\$25,000 cap plus \$5,000 of carried forward concessional contributions cap), if your total superannuation balance on 30 June 2020 is less than \$500,000.

Contributions that exceed the concessional contributions cap will be included in your assessable income and taxed at your marginal tax rate. You will also be liable for an excess concessional contributions charge. To take into account the 15% tax paid by your fund on the excess contributions, you will receive a non-refundable tax offset equal to the amount of tax paid.

The ATO will notify you if you have excess concessional contributions and you can elect within 60 days to have your excess concessional contributions released from your super fund. If you make this

<sup>13</sup> The concessional contributions cap of \$25,000 is indexed from 2020/21 to movements in Average Weekly Ordinary Time Earnings in increments of \$2,500.



election, the superannuation fund is required to pay 85% of the excess concessional contributions (or the amount in the release authority) to the ATO. The ATO will make the appropriate tax adjustments and refund the net amount to you personally. Any excess that remains in the fund will be counted towards your non-concessional contributions cap.

The rules relating to concessional and non-concessional contributions caps are complex and change from time to time. For this reason it is strongly recommended that you seek professional advice from a suitably qualified person.

### Are there any caps on non-concessional contributions to super?

From 1 July 2020 and onwards you may be able to make up to \$100,000 of non-concessional contributions each year before additional tax is payable. If you are under age 65 on 1 July, you may be able to bring forward up to two years' entitlements and contribute up to \$300,000 of non-concessional contributions in any three-year period. The non-concessional cap is calculated as four times the concessional contributions cap and will therefore increase in line with the concessional contributions cap.

Your ability to bring forward any future years' non-concessional contributions cap entitlements may be restricted by the amount of super and pension benefits you have:

Total superannuation balance on previous 30 June	Non-concessional contributions cap
Under \$1,400,000	\$300,000 over 3 years
\$1,400,000 to \$1,499,999	\$200,000 over 2 years
\$1,500,000 to \$1,599,999	\$100,000
\$1,600,000 or more	NIL

Non-concessional contributions included in the cap are:

- personal contributions that are not tax deductible.
- spouse contributions.
- Excess concessional contributions that you elect not to have refunded.

The contributions which are **not** included in this cap are:

- transfers from other super funds or schemes.
- personal injury compensation payments contributed to super in respect of a person who is permanently disabled within 90 days of receipt of the payment or a longer period as allowed by the ATO.
- proceeds from the sale of certain small business assets contributed to super up to a lifetime limit of \$1,565,000 (for the 2020/21 financial year). This limit (known as the CGT cap) is indexed annually.
- the Government co-contribution.
- downsizer contributions. Please note that downsizer contributions have a separate limit of \$300,000.

If you are making personal contributions and wish to claim an exemption from the non-concessional contributions cap because the contributions arise from injury compensation payments, a downsizer contribution or from the sale of a small business, you must provide the relevant ATP form to us before or at the time you make the contribution.

If your non-concessional contributions exceed the cap, the ATO will issue you with a release authority where you can make an election within 60 days to withdraw the excess plus 85% of the associated earnings. The full amount of associated earnings will be included in your assessable income and you

are entitled to a tax offset of 15% to take into account tax already paid by the super fund. If you choose to leave the excess in super it will be taxed at the highest marginal tax rate (currently 45% for 2020/21, plus Medicare Levy).

### Tax on contributions paid by the Fund

We have to pay tax on certain contributions at maximum a rate of 15% which is deducted from your account. This tax is then forwarded to the ATO. The following amounts paid into your account will incur tax:

- employer contributions (including salary sacrifice employer contributions and contributions under the Superannuation Guarantee)
- Superannuation Guarantee shortfall components
- tax deductible personal contributions
- the transfer of the untaxed element from an unfunded public sector scheme
- the taxable part of a payment made from an overseas super scheme. Note: If you make a payment from an overseas super scheme more than six months after you become an Australian tax resident, the growth on the benefit since you became a resident is taxable. You can either pay this tax personally or you can elect for the Fund to pay the tax.

The actual amount of tax paid to the ATO may be reduced by allowable tax deductible expenses. This includes management costs and insurance premiums charged to your super account.

No tax is payable on:

- personal contributions that are not tax deductible
- spouse contributions
- downsizer contributions
- transfers from other taxed super funds
- transfers between super products within the Fund
- low income super tax offset and the Government Co-contribution.

### Section 293 tax on concessional contributions for high income earners

If you have income above \$250,000 per annum, you will pay an additional 15% tax on concessional contributions. The ATO will calculate the liability and issue a notice of assessment and a release authority so that the amount of the assessment can be released from your super fund to make the payment to the ATO.

There is a specific definition of income for these purposes, and the calculations to determine an individual's tax liability are very complex. For these reasons it is recommended that members with high incomes seek professional advice on their particular circumstances.

### Tax treatment of investment income

The great advantage of super is that you can grow your investments in a low tax environment and take your retirement benefits tax-free once you turn age 60.

While your investments are growing in super, the Fund generally pays tax on investment income at a maximum rate of 15%. The actual tax is often less than 15% because tax is paid on the taxable income of the Fund. Taxable income is assessable income less tax deductible expenses (such as the cost of your insurance cover).

The following table describes the general treatment of investment income derived from the investments held in your super account.

Investment income	General rate of tax (%)
Interest and income distributions	15
Realised capital gains:	
• held for less than 12 months	15
• held for 12 months or longer	10*

\* The tax rate for super funds is 15%. However, capital gains on assets held for more than 12 months are discounted by 33%, resulting in an effective tax rate of 10%.

The rate of tax is applied to income after allowing for tax deductible expenses. The actual tax paid may be further reduced by franking credits received by your account. A franking credit is a tax credit available to the Fund for the tax that has already been paid by the issuing company on dividends received on shares in the investment option.

### Tax on capital gains

Realised capital gains can arise:

- from distributions of net capital gains from your investment option(s)
- if you choose to redeem your investment option(s), for example if you switch to another investment option or make a withdrawal from your super account.

If you incur a capital loss after redeeming your investment option(s), it can be used to reduce any realised capital gains that your super account may have earned over the year. At the time when the Fund prepares its income tax return, if you have excess capital losses, these may be applied against other members' capital gains (at the rate of 10 to 15%) and we may credit the cash benefit to your Cash Account.

### What are the tax implications if you transfer between products within the Fund?

If your investment options are transferred to another product within the Fund, there is no realisation of capital gains and therefore no CGT applies.

If your investment options are transferred to a Retirement phase pension product within the Fund, no realisation of capital gains occurs and your investments will be held in a tax-exempt environment. No tax is payable on your investment earnings (interest, income distributions or realised capital gains). Plus, as your pension investments are held within a tax exempt environment, no tax on realised capital gains applies if you choose to switch your investments or redeem any investments to provide for pension payments or cash lump sums. The Government restricts the total amount you can transfer to the tax-exempt pension environment. This limit, called the transfer balance cap, is currently \$1.6 million.

If you are transferring from a Retirement phase pension product within the Fund to a super account, you can choose to transfer investment options or redeem investments in the pension account prior to transfer. Investment options that are transferred will retain their original acquisition cost and if redeemed in the super account, realised gains may include gains that accrued while in the tax-exempt pension environment. If investment options are redeemed in the pension account, no tax on realised gains applies.

If we receive a commutation authority from the ATO instructing us to commute part/all of a Retirement phase pension and transfer the benefit back to super, we will seek your instructions prior to transferring investment options to a super account in your name.

## When is tax deducted from your super account?

We generally only deduct tax on employer contributions, deductible personal contributions and investment income from your account at the time we need to pay it to the ATO. This means that your account receives earnings on investments right up until the time tax is paid.

### Important note

We pay the tax on contributions and investment income, therefore investment income is **not** declared as taxable income in your personal income tax return each year.

## Tax on lump sum withdrawals

### Benefits paid at age 60 or more

Lump sum withdrawals from the Fund are tax-free.

### Benefits paid before turning age 60

Benefits paid from your account before turning age 60 are split into a tax-free component and a taxable component on a proportional basis. You can only make withdrawals on this proportionate basis. The tax-free component is the sum of all tax-free components held in your account divided by the account balance and then converted to a percentage. For withdrawals from your super account, the percentage of tax-free component is calculated at each withdrawal.

The sum of the tax-free components includes any after-tax personal or spouse contributions, any tax-free component calculated and crystallised within your account as at 30 June 2007, and the tax-free components of amounts transferred into your account from other super accounts.

The tax treatment of benefits received prior to age 60 is as follows:

Component	Lump sum withdrawal
<b>Tax-free</b>	Tax-free and not included in assessable income.
<b>Taxable</b>	Under preservation age: <ul style="list-style-type: none"> <li>• 20% (plus Medicare Levy<sup>#</sup>).</li> </ul> Preservation age to age 59: <ul style="list-style-type: none"> <li>• Up to \$215,000* threshold: 0%</li> <li>• Excess over threshold: 15% (plus Medicare Levy<sup>#</sup>).</li> </ul>

<sup>#</sup> The Medicare Levy is currently 2%.

<sup>\*</sup> Threshold for 2020/21. Threshold increases annually with movements in Average Weekly Ordinary Time Earnings rounded down to the nearest \$5,000.

Tax is not payable when you transfer your benefit to another super fund or to another product within the Fund.

## Transfers to other super funds/products

If you transfer your super benefits to another super fund or to another product within the Fund, we will deduct any tax on contributions and investment income from your super account prior to the transfer.

## Tax treatment of Disability Benefits

The taxation of a lump sum withdrawal received upon total and permanent disablement (TPD) (including any benefit containing insurance) is generally similar to tax on withdrawals. However, the tax-free component will be increased to include the proportion of the benefit that relates to the period from the date you left your employment due to TPD until the date you reach age 65.

Also, if you choose to transfer your benefits to a pension within the Fund, you may be entitled to a 15% tax offset on the taxable component of the pension (even if you are under preservation age). A pension paid due to TPD is treated as a Retirement phase pension and is assessed against the individual's transfer balance cap on commencement.

Any income payments you receive as a result of an income protection claim will be included in your normal assessable income and taxed at your marginal rate (plus the Medicare Levy). If you applied and were accepted for a Superannuation Contribution Benefit your income protection insurance cover includes a provision to pay super contributions, these contributions are treated as concessional contributions and taxed at the rate of 15% when credited to your super account.

## Tax treatment of death benefits

### Taxation of death benefits paid as lump sums

The tax on a lump sum payment made in the event of your death will depend on who receives the benefit.

The payment will be tax-free if it is made to your Death Benefits Dependants (either directly or through your estate). For tax purposes, a Death Benefits Dependant includes:

- your spouse
- your children under age 18 (including a natural child, stepchild, adopted child or child of your spouse)
- a person who is partially or wholly financially dependent on you at the date of death
- a person with whom you have an interdependency relationship at the date of death.

Lump sum benefits paid to a dependant who is not a Death Benefits Dependant are taxed on a similar basis to lump sum benefits paid to those under age 60. However, the \$215,000 tax-free threshold does not apply and the tax rate on the taxable component will generally be 15% (plus the Medicare Levy).

Where a lump sum superannuation benefit containing insurance is paid to a non-dependant for tax purposes, the taxable component will be split into taxed and untaxed elements using a formula. The taxed element is taxed at 15% (plus the Medicare Levy) and the untaxed element is taxed at 30% (plus the Medicare Levy).

Death benefit lump sums paid to the Legal Personal Representative (the estate) are taxed within the estate depending on whether the beneficiaries of the estate are dependants or non-dependants for tax purposes.

The tax rates applicable to lump sums paid to beneficiaries who are not dependants for tax purposes apply regardless of whether the beneficiary is under or over the preservation age.

### Taxation of death benefits paid as pensions

A death benefit paid in the form of a pension will be tax-free if either you or the beneficiary is aged 60 or more. If both you and the beneficiary are under age 60, the pension is taxable. However, a 15% tax offset applies even if the beneficiary is under preservation age. When the beneficiary turns age 60 the pension becomes tax-free. Death benefit pensions paid to children (under age 18 or under age 25 and financially dependent or permanently disabled) must be converted to a tax-free lump sum benefit once the child turns age 25 unless the child is permanently disabled.

A Death benefit pension is treated as a Retirement phase pension and is assessed against the beneficiary's transfer balance cap. Amounts in excess of the transfer balance cap must be cashed out of super and cannot be rolled over to personal super. The transfer balance cap for a child who receives a Death benefit pension is the child's share of the deceased parent's transfer balance cap.

Death benefit pensions can be commuted and rolled over, but only to commence a new Death benefit pension. Death benefit pensions cannot be rolled over into the beneficiary's personal super account. Lump sum withdrawals from a Death benefit pension are tax-free.

## Special tax rates for temporary residents

Temporary residents who have departed Australia permanently can claim their Australian super as a Departing Australia Superannuation Payment.

Withholding tax of 35% generally applies to the taxable component of these payments. A higher withholding tax of 65% applies for former temporary residents on working holiday visas.

## Foreign taxes

Superannuation and investments may be affected by foreign tax laws, which can reduce the amount you receive. Under some foreign laws you may be subject to additional obligations if you have a connection with a foreign country (for example by birth, residence, citizenship or property ownership).

## Tax deductions

The Trustee is generally able to claim a tax deduction for any fees and insurance premiums we deduct from your account. The benefit of these tax deductions is passed on to you and effectively reduces the impact of the fee or premium cost to your account by 15%. All fees and costs in the PDS and in this guide are shown **before** considering any allowable tax deduction benefits, unless we tell you otherwise.

## Tax file numbers

Under superannuation law, we are authorised to ask you for your tax file number (TFN).

### What will we use your TFN for?

We only use your TFN for certain purposes such as:

- providing it to the ATO for the purpose of calculating any excess contributions tax
- providing it to another super provider if your account balance is transferred (unless you ask us not to)
- identifying your super benefits where other information is insufficient
- helping you to re-connect with your super accounts through initiatives such as the ATO's SuperMatch initiative whereby organisations can match individuals with their lost super
- calculating tax on benefit payments you may be entitled to.

These purposes may change in future.

### What if you do not want to provide your TFN?

Even though we are authorised to ask you for your TFN, it is not an offence if you choose not to provide it to us, but providing it has advantages, including:

- We will be able to accept all permitted contributions.
- Other than the tax that may ordinarily apply, you will not pay more tax than you need to.
- It will be easier to find different super account in your name.

### How to provide your TFN to the Trustee

You can notify the Trustee of your TFN on your Application form or you can simply send a letter to the Trustee with the following information:

- Your name, account number and date of birth.
- Your TFN.
- Your signature and the date.

For your convenience a TFN form is available from our website.

## Estate Planning

On your death, your superannuation benefits in the Fund may be treated differently to other assets you own. Unlike directly owned property or shares, super doesn't normally form part of your estate. Instead, super benefits are paid out under the rules of the super fund.

In the event we are informed of your death:

- we have the discretion to retain or redeem the investments depending on the form of the death benefit payment.
- we will continue to deduct applicable administration fees until the payment of your superannuation benefit is authorised by the Trustee and your account is closed
- existing advice fees will cease, and
- the Trustee will pay your benefits as soon as practicable after your death either directly to your dependant(s), or to your Legal Personal Representative.

Under the Fund rules, death benefits are paid to the member's Legal Personal Representative unless they have made either a binding death benefit nomination or non-binding death benefit nomination; or have nominated a reversionary beneficiary (pensions only).

### Death benefit nominations

You can nominate one or more of your dependants and/or your Legal Personal Representative to receive your benefit in the event of your death and can allocate your benefit between them in any proportion.

Any dependent you nominate must be a dependant as defined by super law. A list of eligible dependants appears below.

If you nominate your Legal Personal Representative, your benefit will form part of your estate and be distributed in accordance with your Will or in accordance with the laws that govern persons who die without a Will.

### Eligible dependants

There are rules around who can receive a superannuation benefit – it's not solely at a member's discretion. The beneficiary must be a 'dependant'.

A dependant includes:

- your current spouse
- your children of any age (including ex-nuptial children, adopted children, step-children and your spouse's children)
- any person who is partially or wholly financially dependent on you at the date of your death
- any person with whom you have an interdependency relationship at the date of your death.

### What is an interdependency relationship?

An interdependency relationship may exist between two people if they live together in a close personal relationship and one or each of them provides the other with financial and domestic support and personal care. For a full definition see the 'Key words explained' section of this guide.

### Types of death benefit nominations

You are able to choose one of the following forms of nomination to inform us to whom you would prefer your benefit to be paid in the event of your death:



- Non-lapsing Binding Death Benefit Nomination (Non-lapsing Binding Nomination).
- Binding Death Benefit Nomination (Binding Nomination).
- Non-binding Death Benefit Nomination (Non-binding Nomination).

The most appropriate nomination will depend on your personal circumstances. As there may be taxation and other implications to consider, we recommend that you seek professional advice before making your nomination.

### Non-lapsing Binding Nomination

You can nominate your dependants and/or Legal Personal Representative to receive your benefits in the event of your death in a Non-lapsing Binding Nomination. If the Trustee consents to your nomination, on death the Trustee will pay to the persons nominated in the proportions specified in the Beneficiary Nomination form. A Non-lapsing Binding Nomination must be signed by the member and does not require the member's signature to be witnessed. The nomination will continue unless it is subsequently revoked or amended in writing.

As a Non-lapsing Binding Nomination is only valid if the Trustee consents to your nomination, the Trustee is required to consider whether the nomination is enduring and that you do not intend the nomination to expire. If you nominate your spouse, the Trustee considers this will be an enduring nomination. However, if you nominate a person other than your spouse, such as a financial dependant or interdependent, the Trustee may require further details to ensure that you do not intend the nomination to expire.

If you hold an enduring power of attorney for financial matters, you can make a Non-lapsing Binding Nomination on behalf of the member. However, the Trustee will require further details before consenting to the nomination.

If a valid Binding Nomination is in place, this must be formally revoked using the procedures set out below before the Trustee can consent to a new Non-lapsing Binding Nomination. Otherwise, you can make a Non-lapsing Binding Nomination after the Binding Nomination has expired.

If the person nominated is no longer your dependant at the date of death, the Trustee will treat that part of the Non-lapsing Binding Nomination as a Non-binding Nomination.

You can make a Non-lapsing Binding Nomination using the Beneficiary Nomination form available from our website or by calling ClientFirst. Details of your current nomination will appear on Portfolio Online and your Annual Statement.

### Binding Nomination

If you have a valid Binding Nomination in effect at the date of your death, we **must** pay your benefit to the dependant(s) and/or Legal Personal Representative that you have nominated in the proportions that you have set out in your nomination. A valid Binding Nomination remains in effect for **three years** from the date it was first signed, last amended or confirmed.

The following conditions must be met to ensure that a Binding Nomination is valid:

- The nomination must be in favour of one or more of your dependant(s) and/or your Legal Personal Representative.
- Each nominated dependant must be an eligible dependant at the date of nomination and at the date of your death.
- The allocation of your benefit must be clearly set out.
- The total benefit must be allocated (the percentage nominated must add up to 100%), otherwise the entire nomination will be invalid.
- The nomination must be signed and dated by you in the presence of two witnesses, both of whom are over 18 years of age and are not nominated to receive the benefit.

- The nomination must contain a declaration signed and dated by each witness stating that the notice was signed and dated by you in their presence.

### **Important note**

If your Binding Nomination is in favour of one or more eligible dependant(s) and/or Legal Personal Representative but fails to meet any of the other stated conditions, the entire nomination will be deemed to be invalid. An invalid or expired Binding Nomination will be treated as a Non-Binding Nomination. If your Binding Nomination includes a person who is not an eligible dependent, whether at the time your nomination is made or at the time of your death, then we will treat your account as having no nomination.

If any of the information provided in your Binding Nomination is unclear, we will contact you to confirm the details. An unclear Binding Nomination may be invalid.

If you hold an enduring power of attorney for financial matters, you can make a Binding Nomination on behalf of the member. However, state law generally prohibits you nominating yourself under a binding nomination.

To make a Binding Nomination, please complete a Beneficiary Nomination form which is available from our website or by contacting ClientFirst.

Details of your current Binding Nomination will appear on Portfolio Online and your Annual Statement along with its expiry date.

You must confirm your nomination before it expires in order for it to remain valid. You can do this by giving us a written notice, signed and dated by you, to that effect before it expires. Alternatively, you may complete the 'Confirmation of Binding Death Benefit Nomination form' which is available from our website. It is your responsibility to ensure that your Binding Nomination is confirmed before it expires. If your Binding Nomination expires, it will be treated as a Non-binding Nomination, until a new valid Binding Nomination has been received by the Trustee.

Your Binding Nomination can be amended or revoked at any time. You can amend your nomination at any time by making a new Binding Nomination and providing it to us.

In order to revoke your Binding Nomination, you must give us a written notice, signed and dated by you in the presence of two witnesses both of whom are over the age of 18 years and not nominated to receive the benefit. Alternatively, you may revoke your nomination by completing a Binding Nomination form which is available from our website.

### **Non-binding Nomination**

If there is a Non-Binding Nomination on your account, your nomination is not binding on us but we will certainly take it into account when we determine to whom to pay your benefit.

To make a Non-binding Nomination, please complete a Beneficiary Nomination form which is available from our website or by contacting ClientFirst.

You can amend your nomination at any time by making a new Non-binding Nomination and providing it to us.

If you hold an enduring power of attorney for financial matters, you can make a Non-binding Nomination on behalf of the member.

### **No nomination**

- If you do not have a nomination on your account, we have to abide by rules in the Trust Deed. We have to pay your benefit to your Legal Personal Representative, unless your estate is insolvent.

- If your estate is insolvent, your benefit must be paid to such of your dependant(s) and in such proportions as we consider appropriate. If you have no dependants, we must pay your benefit to the Legal Personal Representative of your insolvent estate.
- If there is no Legal Personal Representative of your estate, we must pay your benefit to such of your dependant(s) and in such proportions as we consider appropriate.
- If you have no dependants and no Legal Personal Representative, we must pay your benefit to any other person(s) as permitted by law.

Remember, everything we do when it comes to paying out your benefit upon death is heavily governed by super law and our Fund rules. Make sure you think about your nomination very carefully.

## What happens if I have more than one super or pension account within the fund?

A Binding or Non-Binding Nomination will only apply to a particular super or pension account. Where you have multiple accounts within the fund and you wish to make a nomination, a separate nomination is required for each account.

## Payment options available

In most situations, we can pay the Death Benefit as a lump sum or as a pension.

In most situations, we can pay the Death Benefit as a lump sum or as a pension. However, if the benefit is paid to your Legal Personal Representative it must be paid as a lump sum.

If the benefit is paid to your Legal Personal Representative, it must be paid as a lump sum. At this time, we have discretion to sell your investment options and put your money into the Cash Account until the death benefit is paid. We would normally exercise this discretion unless we are advised otherwise.

## Death benefit pensions

Death benefits can only be paid as a pension to certain nominated beneficiaries. These include your spouse, dependent children, or other financial dependent or interdependent. A continuing pension cannot be paid to a child of yours aged 18 or over unless they are either:

- under age 25 and financially dependent on you immediately prior to your death, or
- permanently disabled.

If you have made a Binding or Non-Binding nomination and the beneficiary wishes to receive the death benefit as a pension, the beneficiary must complete an application form for a new pension, including a new Investment Instruction. A new Death benefit pension account will be established in the name of the beneficiary and the remaining balance of your super or pension account will be transferred into their new pension account. As this is a new pension, the level of annual pension payments payable from the pension will be re-calculated at this time.

**Important note:** A death benefit pension is also assessed against the beneficiary's transfer balance cap on commencement and this may limit the amount that can transfer to a pension. More information on the transfer balance cap is available from the 'How super is taxed' section of this guide

## More about risks

All investments carry risk. There are risks involved with investing in super as well as specific risks that may arise with your chosen investment option(s).

### Risks when investing in super

- Your investment may not be sufficiently diversified if you do not spread your selection of investment option(s) across different asset classes, sectors, managers and styles.
- In the case of an investment in a restricted investment, your ability to make a lump sum withdrawal from that restricted investment may be delayed, reduced or unavailable until sufficient assets from that investment can be redeemed to fund the withdrawal.
- System failures may cause a delay in the processing of transactions to your account (or with fund managers).
- There may be a delay in purchasing or redeeming your investments if we do not receive a properly completed and authorised instruction from you.
- Delays may occur where minimum investment or withdrawal limits are imposed by fund managers.
- Economic conditions, interest rates and inflation may cause adverse investment returns.
- Changes can occur in super, taxation or other law that may adversely affect your investment (or affect your ability to access your investment). These changes may also affect the operation of your super product or of any investment option(s) into which you invest.
- The Trustee could be replaced or the Fund could be wound up. There is also a risk that we will not carry out our duties as Trustee properly. To minimise this risk we have implemented a number of risk management strategies and corporate governance policies and procedures to assist us to meet our obligations. As Trustee, we are always required to act in the best interests of members.

### Risks associated with insurance within super

If you intend to apply for insurance cover, there are a number of risks associated with insurance that you should be aware of. These include a risk that the insurance cover will cease if your account balance is insufficient to meet the cost of premiums and the risk that the level of insurance cover is not adequate in the event of your death, injury or illness. There is also a risk that the Insurer could refuse to pay the insured benefit if you do not comply with your duty of disclosure or any other requirements under the Policy or the relevant legislation. The trustee may also be required to stop paying premiums for your cover if you become inactive for 16 months, resulting in your cover lapsing.

You should read the **IOOF Pursuit insurance guide (PIN.03)** to make sure you understand the main terms and conditions of the Policy that could apply.

## Risks that may affect your investment options

Type of Risk	Explanation
<b>Market risk</b>	Investment returns are influenced by the performance of the market overall. Unexpected changes in conditions (such as economic, technological or political developments) can have a negative impact on the returns of all investments within a particular market.
<b>Company or security-specific risk</b>	Within each asset class, company or security-specific risk refers to the many risks that can affect the value of a specific security (such as a listed share).
<b>Currency risk</b>	Investments in international markets can be exposed to changes in exchange rates. If foreign currencies fall in value relative to the Australian dollar, they have an adverse impact on investment returns from investments denominated in those countries, if those currencies are unhedged.
<b>Liquidity risk</b>	Liquidity risk is the risk that a particular investment will not be able to be converted into cash or disposed of at market value.
<b>Derivatives and gearing risk</b>	Underlying managed investments may use derivatives and gearing (borrowing). The value of derivatives is linked to the value of the underlying assets and can be highly volatile. Gains and losses from derivative and geared transactions can be substantial.
<b>Credit risk</b>	Credit risk is the risk that a party to a contract will fail to perform its contractual obligations resulting in a financial loss.
<b>Fund manager risk</b>	Each managed investment option has one or more fund managers to manage the investments. There is a risk that the fund manager may not perform to our expectations, meet its stated objectives or under-perform as compared to other fund managers.

## How can investment risk be reduced?

An important way to help reduce your investment risk is to spread your investment over a number of assets, asset classes and even different fund managers. This process is called diversification. It is designed to help you achieve more consistent investment returns over time.

The Super Service offers you a choice of investment options across all the major asset classes. When determining your investment strategy, this choice allows you to create a level of diversification in your investment portfolio.

A financial adviser can help you understand the various types of investment risk and assess which investment options are appropriate for your specific requirements considering your risk tolerance and risk/return investment objectives.

# Managing your super account

**This section provides you with instructions about how to select and maintain your Investment Instructions and manage the operation of your Cash Account.**

## Using Portfolio Online

Easily manage your account anytime, anywhere.

Portfolio Online is a user-friendly website that allows you to view your IOOF Pursuit account 24 hours a day, 7 days a week. With Portfolio Online you can:

- view a consolidated report of your account
- generate up-to-date portfolio summary, asset allocation, fund performance and transaction reports
- view and track all transactions placed by your financial adviser
- view and download statements and letters.

You can register for Portfolio Online once you have received your client number via [www.portfolioonline.com.au](http://www.portfolioonline.com.au).

## Your Investment Instructions

Your Investment Instructions outline how you would like your contributions (less any Member Advice Fee – Upfront<sup>14</sup>) to be invested.

You can instruct us to invest your contributions in three different ways:

- Primary Instruction.
- Specific Instruction.

You can provide your Investment Instructions in the Application form located in the Forms Booklet.

## Types of Investment Instructions

### • Primary Instruction

This is your main Investment Instruction and is used for all contributions unless alternative instructions are provided to us.

A Primary Instruction will include:

- the managed investment(s) you wish to invest in for each contribution
- the percentage of your contribution you want to invest in each managed investment
- the required allocation to your Cash Account (which must be at least 1%).

Please note that the total percentage allocated to each investment option and the Cash Account (of at least 1%), must add up to 100%.

### • Specific Instruction

This is a one-off instruction for contributions made via **direct debit (one-off)** or **cheque**.

When provided, this one-off Specific Instruction will override the use of the Primary Instruction (if applicable) for that particular contribution made by direct debit (one-off) or cheque.

<sup>14</sup> For more information regarding the member advice fees available, refer to the 'Fees and costs' section on page 8 of this guide.

Please note that the total percentage allocated to each investment option and the Cash Account (of at least 1%), must add up to 100%.

- **Income Distribution Instruction**

Income distributions may be paid from your investment option(s) and you determine how this income is to be re-invested.

Any income distributions that you receive from your investment option(s) are automatically credited to your Cash Account. This income can then be managed using one of the following three methods (only one method can be selected):

#### **Re-invest (default option)<sup>15</sup>**

This method allows you to automatically re-invest 100% of the income distribution by using the income distribution to purchase new units in the same managed investment that made the income distribution. The re-investment will normally be completed within five business days following receipt of your income distribution into your Cash Account.

Where we have suspended or stopped investments in a managed investment or where a managed investment is redeemed in full (except where a managed investment is no longer held due to the requirement to top up your Cash Account) income distributions received from that managed investment will be retained in the Cash Account.

#### **Retain in your Cash Account**

This method allows you to leave all income distributions in your Cash Account<sup>16</sup> to accumulate.

Income distributions will remain in your Cash Account until we receive further instructions from you or they are used to fund expenses as they fall due.

- **Automatic Re-weight Facility**

You can nominate to set up an Automatic Re-weight Facility in the Application form. You can choose to re-weight your managed investments and Cash Account to a desired weighting percentage allocation or in line with your Primary Instruction allocation, provided a Primary Instruction is in place. The Automatic Re-weight Facility occurs on the 20<sup>th</sup> business day of the month (or nearest business day after the 20<sup>th</sup>) and you can choose your frequency from quarterly, half yearly or yearly.

Please note that your financial adviser can place or modify an Automatic Re-weight Facility at any time.

#### **Changing your Investment Instructions**

Your financial adviser can update your Primary Instruction, Income distribution instruction and Automatic Re-weight Facility instruction on your behalf via Portfolio Online.

<sup>15</sup> Any re-investment of income distributions will involve the purchase of new units in one or more managed investments. Please note that you may not have the most recent product disclosure statement for the managed investment at the time these re-investments are made.

<sup>16</sup> This may not reflect your retirement savings goals.

Alternatively, if you want to update your Primary Instruction and/or Income distribution instruction, please complete the Investment Instructions form which is available from our website and send it to us. Only your financial adviser is able to update your Automatic Re-weight Facility instruction on your behalf.

Where we have suspended or stopped investments in a managed investment, or where a managed investment is redeemed in full (except where a managed investment is no longer held due to the requirement to top up your Cash Account), that managed investment will be removed from any Primary Instruction and Automatic Re-Weight Facility and the instructions will be re-weighted in proportion to your remaining managed investments in the respective instructions. We will do this automatically and you will not be advised of the change.

### An example

Maria submits a request to fully redeem her holding in Investment C. As a result, Maria's Primary Instruction is automatically updated to remove Investment C and to re-weight the remaining managed investments.

Managed investment	Existing holding (%)	Withdrawal request (%)	Primary Instruction before (%)	Primary Instruction after (%)
Cash Account	3		3	3
Investment A	17		17	21
Investment B	60		60	76
Investment C	20	100	20	

## Changing your investment options (switching)

IOOF Pursuit gives you the ability to change your selected investment options.

Changing your managed investment selection generally requires you to redeem units from one or more of your existing managed investments and purchase units in one or more managed investments selected by you. This process is often referred to as a switch instruction.

We currently do not charge a separate fee for switching between managed investments in your account.

Your financial adviser can complete a switch on your behalf via Portfolio Online.

Alternatively if you want to complete a switch instruction you will need to complete the 'Investment Instructions' form which is available from our website.

Switching between managed investments generally involves redeeming units in one or more of your managed investments. This means you must complete a redemption transaction before you can purchase units in a new managed investment.

The proceeds of any redemption transaction are first deposited into your Cash Account before units are purchased in the new investment option(s).

The product disclosure statement for a managed investment may be updated or replaced by the fund manager from time to time. This means that you may not always have the most recent copy of the applicable product disclosure statement for a new managed investment before making your switch request. We provide electronic versions of product disclosure statements for the available managed investment via Portfolio Online. You can also obtain a copy free of charge by contacting your financial adviser or by calling ClientFirst on 1800 913 118.



**Important note**

- Switching between investment options may give rise to a CGT liability which may reduce the value of your account. Please speak to a financial adviser or tax adviser for more information.
- A buy-sell spread may be incurred when switching between managed investments. See 'Transaction costs – managed investments' on page 8 of this guide and the product disclosure statement for the particular managed investment for details.

## Your Cash Account

Your Cash Account is used to process all cash transactions that occur within your super account. For example, all money paid into your account and any earnings from your investment options goes through your Cash Account and all fees (excluding indirect costs), insurance premiums, taxes and withdrawals where applicable are paid out of this account.

Any income distributed by your chosen investment options is deposited into your Cash Account. From there it can then be re-invested using one of the three methods available. See 'Income Distribution Instruction' section of this guide.

Your Cash Account holding is pooled with that of other clients' and placed in interest bearing accounts with an authorised deposit-taking institution (ADI) selected by us<sup>17</sup>, currently the Commonwealth Bank of Australia, ABN 61 814 236 264.

The funds in your Cash Account earn interest. We retain a portion of the interest earned on the pooled cash assets and set a net interest to be credited to the Cash Account. The net interest rate is based on daily interest generated from the pooled cash assets, less the interest retained by us (indirect cost) for administering the Cash Account.

The target net rate for crediting to the Cash Account is the cash rate set by the Reserve Bank of Australia. This is often referred to as the official cash rate, which is currently 0.10% and is subject to change. Net interest is credited to your Cash Account monthly.

### Minimum allocation to your Cash Account

You are required to maintain a minimum of 1% of your super account balance in your Cash Account. This amount is used for funding fees and expenses, taxes and insurance premiums (where applicable).

You can nominate a higher percentage as your minimum Cash Account balance if you wish to fund these expenses as they fall due.

If we determine that the balance in your Cash Account is likely to fall below zero within the next seven days, we will top up your Cash Account as directed by you to 1% of your account balance (or any higher percentage you have nominated) by redeeming the necessary amount from your investment options. In making our determination we will take into consideration any fees, insurance premiums and taxes expected to be deducted from your Cash Account during this period.

We recommend that you talk to a financial adviser about the minimum Cash Account requirement.

<sup>17</sup> Cash Account underlying assets are subject to change from time to time

## Your instructions

Instructions must be made in writing unless another facility for providing instructions is made available to you or your financial adviser by us. Your instructions may generally be accepted electronically except, for instance, if they are instructions to change your name or make a contribution.

Any changes (or corrections) to your personal details (for example changing your name by marriage) should be advised in writing to us as soon as possible (together with a certified copy of documentation verifying the name change).

You can change your address details over the telephone by calling ClientFirst on 1800 913 118 provided you satisfy our identification and verification requirements. Where you wish to update your postal address to a post office box or an overseas address, a signed request is required.

If you wish to amend your Death Benefit Nomination, you must submit a new Beneficiary Nomination form completed in accordance with the instructions on that form.

You may also confirm or revoke your nomination as per the process outlined in the 'Estate Planning' section on page 23 of this guide, by completing the relevant form. Visit our website, see a financial adviser or call ClientFirst on 1800 913 118 to obtain a copy of these forms.

Please contact us directly for further instructions if you want to make any other changes to your account (such as changing your contribution arrangements, insurance or your selected investment options).

We will act in accordance with instructions from you or your appointed representative (including your financial adviser). We are not required to ask whether instructions are genuine or proper.

You agree to release us from, and indemnify us against, any and all losses and liabilities arising from any payment or action we make based on any written or electronic instruction (even if not genuine) that we receive bearing your account number and a signature (where applicable) we reasonably believe is yours or that of your representative. You also agree that neither you, nor anyone claiming through you, has any claim against us or the Fund in relation to these payments or actions.

However, please note that we are not required to effect any instructions if:

- it would make your account balance fall below the minimum holding requirement
- giving effect to the instruction is contrary to our agreement with you, the law or any market practice
- the instructions are incomplete or are, in our opinion, unclear
- you do not have sufficient investments or funds in your Cash Account for us to carry out the instruction
- we are not reasonably satisfied that the instructions are genuine
- you have not provided us with relevant documents or information we consider necessary to act on your instructions
- your membership of the Fund is suspended or terminated.

We do not accept any liability whatsoever for an instruction not being implemented in these circumstances.

## Keeping track of your investments

We provide you with comprehensive and consolidated reporting on all of your investments in your super account.

We provide regular communications that are sent to you for your records. Additionally, you can view your account information and request certain reports via Portfolio Online alternatively you can contact ClientFirst.

## What you will receive from us

### Statement of Membership

Sent on the establishment of an account in the Super Service, normally within seven business days of joining.

Your Statement of Membership confirms your super account details, Investment Instructions and Distribution Instruction (if applicable) as well as your IOOF CRN for any future BPAY<sup>18</sup> contributions.

### Annual Statement

Provides a summary of all transactions during the financial year including:

- contributions and withdrawals<sup>19</sup>
- taxation and other fees or costs deducted
- details of your account value, current investments and historic performance results for each of your investment options
- insurance details (cover and premium cost)
- estate planning nominations
- preservation status of your super benefit.

An Annual Statement is provided within six months of the end of each financial year and following the closure of your account.

## What other information is available for you to access?

### Additional information available free of charge

You can request a copy of:

- the most recent audited financial reports for the Fund, together with the auditor's report
- the Trust Deed
- the Fund's Risk Management Plan
- Group Life and Income Protection Insurance Policies effected by the Trustee.

You can also request other information that is reasonably required to help you understand your benefit entitlements in the Fund.

### Trustee's Annual Report

We will provide on our website the Trustee's Annual Report for the Fund, which covers financial statements, general super updates and managed investment information for each financial year ending 30 June.

It is provided within six months of the end of each financial year.

### Online access and functionality

Portfolio Online is a user-friendly and intuitive website that allows you to view your IOOF Pursuit account online 24 hours a day, 7 days a week.

You can register for access to Portfolio Online via our website.

<sup>18</sup> BPAY<sup>®</sup> Registered to BPAY Pty Ltd ABN 69 079 137 518. Only available if your nominated financial institution offers this service.

<sup>19</sup> Commonwealth Government regulations impose restrictions on when you can make lump sum (cash) withdrawals from your super (see the 'Accessing your super' section on page 13 of this guide).

## Electronic communications

You can choose to receive communications from the Trustee that are available electronically via Portfolio Online.

You will be able to access and download these communications electronically at any time while you are a member and registered user of Portfolio Online.

When a communication is available for you to access using Portfolio Online, we will send a notification to your preferred email address. You will need to let us know your preferred email address on your Application form and then tell us your new email address if it changes.

By making these communications available to you electronically, we satisfy our obligations under the *Corporations Act 2001*. However, if you ever change your mind and would like paper copies of any of these communications, we will provide them to you free of charge on request.

### Terms and conditions for electronic communications

Where you elect to receive communications from the Trustee electronically via Portfolio Online, you agree:

- to receive the communications from the Trustee that are available electronically by regularly accessing them using Portfolio Online
- to register or be registered and remain registered as a user of Portfolio Online
- any communication given to you electronically by making it available for you to access using Portfolio Online will be taken to be delivery of the communication to you
- the Trustee will send an email notification to your preferred email address when a communication is available for you to access using Portfolio Online
- you have provided your preferred email address in your application and are responsible to notify the Trustee of any change to your preferred email address
- you will be able to access such communications at any time while you are a member and registered user of Portfolio Online
- you can download a copy of any such communication
- the Trustee will send you a free paper copy of any communication you request
- Portfolio Online is a facility for the purposes of section 1017F(5) of the *Corporations Act 2001*
- the Trustee may give you any communication in any other method permitted by law.

## Other general information

### Cooling-off period

To ensure that you are happy with your initial investment in the Super Service you have a 14-day cooling-off period to ensure that it meets your needs. The 14-day period starts from the earlier of the date you receive your welcome letter, or five business days after your super account has been established.

If you want to close your super account during the 14-day cooling-off period, you must provide written notice by email to [clientfirst@ioof.com.au](mailto:clientfirst@ioof.com.au) or by mail to:

IOOF Pursuit  
Reply Paid Box 264  
Melbourne VIC 8060

You can change your mind during the cooling-off period. However, if any contributions have been made to your super account, they will have to stay in the super environment and be transferred to another fund.

If your investment options include term investments, restricted investments, or other services there may be penalties or fees charged by the fund managers or service providers for early redemption or the cooling-off period may not apply. These investment options may also have withdrawal conditions imposed by the fund managers that may delay the transfer to another fund.

The amount returned (if applicable) will be adjusted for any market movements in your chosen investment option(s) (up or down) up to the date we receive your notification. We will not refund taxes and reasonable transaction or administration costs incurred by us in issuing your investment (excluding the payment of any member advice fee or similar fee). As a result, the amount received may be more or less than the amount of your initial contribution.

Please note that the cooling-off period ceases to apply if you exercise your rights or powers in the Super Service, such as if you make an investment switch during the 14-day cooling-off period.

In order for us to close your account (if there is money in it), you must nominate another super fund to which the money is to be transferred to. If you do not make a nomination within one month after notifying us of your intention to seek the return of your initial contribution or your nominated super fund does not accept the transfer, we may transfer your money to an eligible rollover fund (ERF). For more information on the ERF selected for the Fund, please see the 'Eligible rollover fund' section on page 36 of this guide.

### Portability of super benefits

If you provide us with a request to transfer your benefits out of the Fund, super law requires that we will commence redeeming your investments within 3 days of receiving the transfer request and we will transfer the benefit within 3 days after the proceeds are credited to your Cash Account. We usually have 30 days from receiving all relevant prescribed information (including all information necessary to process your request).

However, restricted (illiquid) investments may have extended redemption periods and therefore may not be readily convertible to cash within the 30-day time frame. This may restrict your ability to switch these investments and transfer under the portability rules.

Before you invest in restricted investments, you are required to sign a written consent (which is set out in the declaration section of your Investment Instructions form confirming that you accept that a period longer than 30 days may be required to sell those investments and so affect the transfer because of the illiquid nature of those investments. Investment options that fall into the category of restricted investments are identified in the 'Investment options menu' section of **APF.02** (if applicable).

Restricted investment options may include managed investments such as some property funds, hedge funds and fixed interest funds, plus term investments and capital guaranteed income/pension investments. The time required to transfer your super will depend on the investment options chosen.

From time to time a fund manager may have a need to suspend their investments and therefore we may not be able to roll over, transfer or cash your benefit within 30 days. If this occurs we will write to you.

Where you invest in a restricted investment, part or all of a withdrawal or switching request may be delayed until sufficient assets from that investment can be redeemed to fund the withdrawal.

To enable members to monitor their restricted investment options we maintain on our website details such as the availability of withdrawal opportunities, termination processes and recent payout ratios.

## Account liquidity

There are limits on holdings in illiquid investments and restricted investments, please refer to **APF.02**.

## Eligible rollover fund

We may roll over your benefit to an eligible rollover fund (ERF) in the event that:

- you are deemed to be a lost member
- your account balance falls below the applicable product account balance minimum
- you decide to seek the return of your initial investment and do not notify us of a recipient super fund for the receipt of your benefits (if necessary) or the nominated super fund does not accept the rollover.

Once your benefit is rolled into the ERF, you will no longer be a member of, nor entitled to claim any benefit from the Fund.

The ERF currently selected for the Fund is the Australian Eligible Rollover Fund (AERF). Being rolled over to the AERF may affect you in the following ways:

- You will become a member of the AERF and be subject to its governing rules. After we provide the AERF with your current contact details, the AERF will provide you with its current PDS, which provides details of the AERF. You can also contact the AERF to ask for a copy of its PDS.
- The AERF will apply a different fee structure. You should refer to the AERF PDS for circumstances in which fees may apply.
- The AERF invests your benefit in a single strategy with a balanced growth objective. The objective is to achieve industry average five-year gross returns for balanced growth fund managers. No investment choice is available. Please note that the AERF is subject to investment risk which means you may receive back less than your original investment when withdrawn.
- The AERF does not offer insurance cover and does not accept additional contributions.

Before deciding to roll over your benefit to the AERF, we will consider:

- whether you have made contributions recently
- whether you have an insured benefit and premiums deducted from your account
- if the rollover would be in your best interests and the best interests of the remaining members of the Fund.

Furthermore, before rolling over your benefit to the AERF, we will attempt to communicate with you to provide you with an option to nominate another super fund.

### Contact details for the AERF

The Australian Eligible Rollover Fund  
 AERF Administrator  
 Locked Bag 5429  
 Parramatta NSW 2124  
 Phone: 1800 677 424

## Lost members

If we have never had a correct address for you or have had two consecutive written communications to you returned unclaimed, we will generally consider you to be a lost member. We will undertake a range of steps to identify your current address. After taking reasonable steps, if we are still unable to determine your current address, we may decide to transfer your benefit to the AERF.

## Unclaimed benefits

We are required to pay unclaimed benefits to the ATO. Your benefit will be classified as unclaimed in various circumstances, including if:

- you turn 65 and
  - have not claimed your benefit
  - we have not received any contributions for you for at least two years
  - we have been unable to contact you for five years despite our reasonable efforts.
- you have died
  - we have not received any contributions for you for at least two years
  - after making reasonable efforts, we are unable to ensure that the benefit is received by the person who is entitled to receive the benefit.

Individuals can reclaim their benefits from the ATO.



## Inactive low-balance accounts

We are required to pay inactive low-balance accounts to the ATO. Your benefit will be classified as an inactive low-balance account if:

- no contributions or rollovers have been received into the account during the previous 16 months;
- the account balance is less than \$6,000;
- you have not met a prescribed condition of release; and
- there is no insurance cover attached to the account.

However, the account will not be an inactive low-balance account if any of the following have occurred in the last 16 months:

- you have changed your investment options
- you have made changes to your insurance coverage
- you have made or amended a binding beneficiary nomination
- you have made a written declaration that you are not a member of an inactive low-balance account
- there was an amount owed to the super provider in respect of you.

The ATO will then automatically transfer the amount into your active super account within 28 days.

## Super and the Family Law Act

Under the *Family Law Act 1975*, on marriage breakdown, your super account can be divided and your spouse or former spouse can receive a payment that can be:

- transferred to a new account within the Fund
- transferred to another super fund or withdrawn (subject to satisfying certain conditions).

Super entitlements can be divided either by a court order or a super agreement that meets certain legislative requirements. Also, your spouse or another person who intends to enter into a super agreement with you (for example through a pre-nuptial super agreement) can request information from us.

## Super and bankruptcy

Under the *Bankruptcy Act 1966*, super contributions made on or after 28 July 2006 in order to defeat creditors can be recovered by the trustee of a bankrupt member's estate. In certain circumstances, a super trustee can be served with freezing orders and payment orders from the official receiver in respect of a bankrupt's super account. There are also circumstances in which a court can order payment of money from the account to the trustee of the bankrupt member's estate. We are required by law to comply with such orders.

## Transferring assets to the Fund

Any external assets that you currently hold may be able to be transferred into your account in the Fund. As a transfer of external assets is treated as a contribution to the Fund, tax and super rules may apply to the transfer. The Trustee will treat the contribution as having been received by the Fund when legal title passes to the Fund's custodian.

## Transferring within the Fund

If you apply to transfer to the Super Service from another IOOF Pursuit or IOOF Portfolio Service super or pension product (such as IOOF Portfolio Service Personal Superannuation), you are authorising us to transfer each investment option (where possible), and the balance of your Cash Account (together comprising the full balance of your existing account), to your new super account.

If you are transferring from another product within the Fund and your current investment options are also available in your new product, you can transfer those investment options directly into your new account. Where an existing investment option is not available in your new product, your holding in that investment option will be sold down within your existing account and the proceeds added to your Cash Account. Your Cash Account balance will then be transferred to your new account.

If you have any existing Investment Instructions that apply to your existing account, they will be cancelled upon your transfer to the Super Service. You will need to complete the relevant sections of the Application form located in the Forms Booklet to establish the instructions or features you would like to apply to your new super account. You are not required to provide a Primary Instruction, unless you are making additional contributions into this account.

A Member Advice Fee – Upfront will not be charged on the transfer of your existing account balance to your new account.

If you would like to transfer your benefit from another IOOF Pursuit or IOOF Portfolio Service product, please complete the relevant section of the Application form located in the Forms Booklet.

If IOOF receives a commutation authority from the ATO in relation to amounts in excess of the transfer balance cap, we will transfer the amount to an existing IOOF superannuation account. Otherwise if no member instructions are received, we will establish a new IOOF Pursuit personal superannuation account (where appropriate) to receive the transfer.

## How are the unit prices determined?

To determine the value of a unit in a managed investment, we use the redemption/sell unit price provided by the fund manager for that particular managed investment.

While unit prices are normally calculated daily and may change according to market movement, the actual method by which unit prices are calculated and the timing at which unit prices are provided may vary. This is dependent on the fund manager for that particular managed investment. Please refer to the product disclosure statement of the managed investment for more information on how individual unit prices are calculated.

## Financial adviser authority

If you appoint a financial adviser you are taken to have automatically authorised your financial adviser and their staff (your financial adviser), as your agent, to operate your account, to give any instructions on your behalf in relation to your account to us by any method acceptable to us, including electronically.

This authority does not authorise your financial adviser to:

- withdraw any funds from your account except to authorise payment of withdrawals to the bank account nominated by you (or any bank account you nominate in future).
- authorise any change in fees and charges, including changes to an existing Fee Aggregation for your account
- sign any form on your behalf where the law or an external party requires your signature on the form (such as a Beneficiary Nomination form, a Transfer form and a Direct Debit Request form)
- change the name on your account
- authorise any other person to operate your account.

Accordingly, your current or any future financial adviser you appoint and their staff can do everything you can do with your account except the things listed above. We will continue to follow instructions given by your financial adviser under this authority until we receive notice in writing signed by you to cancel the authority.

If you have authorised your financial adviser to do so, your financial adviser may submit switch or re-weight instructions, authorise payment of withdrawals from your Super Service account to the bank account nominated by you (or any bank account you nominate in future) and establish or change Investment Instructions in relation to your account.

Your financial adviser may also be authorised to use Portfolio Online to complete an online insurance application on your behalf and complete and submit on your behalf any other forms which the Trustee permits to be submitted electronically using Portfolio Online.

Your financial adviser is required to provide you with a product disclosure statement for the investment options you choose to invest in. Alternatively, you can access the product disclosure statements for the available investment options through our website.

## Change of financial adviser

Certain financial advisers have been authorised to recommend the Product. Where your financial adviser is no longer part of an AFS Licensee who is authorised to recommend the Product, or you change your financial adviser and they are not authorised to recommend the Product, your holdings may be transferred to the standard Pursuit Focus Personal Superannuation product. Your fees and costs will not change, however you will not be able to select any new Annex exclusive investment options. You may retain any of the exclusive investment options you have already selected and acquire additional units in those investment options.

## Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF)

## requirements

We are required to carry out proof of identity procedures before cashing a super benefit. These requirements arise under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML/CTF).

Where you have not already provided us with appropriate identification, we will be required to collect customer identification information and to verify it when you request a cash withdrawal (if eligible). We may also be required to collect customer identification at other times. If you do not provide the information or we are unable to verify the information, payment of benefits may be delayed or refused.

## Your privacy

We are committed to protecting your privacy. Any personal information we collect about you will be handled in accordance with our privacy policy, which outlines how we manage your personal information, how you may access or correct your personal information, and how you may complain about a breach of your privacy. To obtain a copy of the IOOF group privacy policy, please contact ClientFirst on 1800 913 118 or visit our website ([www.ioof.com.au/privacy](http://www.ioof.com.au/privacy)).

We collect your personal information from the application form you complete when applying for this product for the purpose of providing you with the products and services that you request and for related purposes, including providing you with financial advice and ongoing services in relation to your account with us, or providing information about other products and services that may be of interest to you. If you do not provide all the information requested in your application form, we may not be able to process your application.

To verify your identity for Know Your Customer (KYC) purposes, we may also solicit personal information about you from reliable identity verification service providers.

For the purpose of providing you with the products or services you have requested, we may disclose your information to our related bodies corporate or external parties, including your financial adviser or employer, banks or other financial institutions, medical professionals, insurers, legal or accounting firms, auditors, mail houses, or when required or authorised to do so by law. It is generally unlikely that we will disclose your personal information overseas. However, any overseas disclosure does not affect our commitment to safeguarding your personal information and we will take reasonable steps to ensure any overseas recipient complies with Australian privacy laws.

## The Trust Deed

The Trust Deed dated 20 June 1994 (as amended from time to time) governing the Fund, together with the relevant laws and the PDS, governs our relationship with you and sets out your rights as a member. In the event of any conflict between the PDS and the Trust Deed, the Trust Deed will apply.

When acquiring this product, you become a member of the Fund and you agree to be bound by the provisions of the Trust Deed. We may amend the Trust Deed from time to time and will, when required by law, advise members in writing of the purpose, nature and effect of the amendment.

The Trustee may not amend the Trust Deed if the amendment would have the effect of reducing or adversely affecting the rights or claims of a member to accrued entitlements under the Fund. Such entitlements include those which have arisen prior to the amendment being made, or entitlements that have already become payable. In these circumstances, the amendment to the Trust Deed could only be made if the affected members consent in writing to the amendment or the amendment is permitted by law or consented to by the Australian Prudential Regulation Authority (APRA). In making any amendment, the Trustee must act in the best interests of members.

You can access the Trust Deed from our website or you may obtain a copy of the Trust Deed free of charge by contacting ClientFirst.

## The Trustee

The Trustee of the Fund holds an AFSL under the *Corporations Act 2001*.

The Trustee has effected and maintains in force, professional indemnity insurance. The Trustee and its directors and officers are also entitled to be indemnified out of the assets of the Fund to the extent permitted by super law.

The role of the Trustee is to operate the Fund in accordance with its Trust Deed and relevant law.

## Key words explained

If you find some of the terms used in the PDS and/or the guides difficult to understand, don't worry. This section helps to explain some of these key terms that arise along the way. If you require further information or explanation of a term not covered in this guide, please contact ClientFirst.

<b>Activity fees</b>	<p>A fee is an activity fee if:</p> <ul style="list-style-type: none"> <li>(a) the fee relates to costs incurred by the Trustee of the superannuation entity that are directly related to an activity of the Trustee: <ul style="list-style-type: none"> <li>(i) that is engaged in at the request, or with the consent, of a member, or</li> <li>(ii) that relates to a member and is required by law, and</li> </ul> </li> <li>(b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.</li> </ul>
<b>Administration Fee</b>	<p>An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:</p> <ul style="list-style-type: none"> <li>(a) borrowing costs; and</li> <li>(b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and</li> <li>(c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.</li> </ul>
<b>Advice fees</b>	<p>A fee is an advice fee if:</p> <ul style="list-style-type: none"> <li>(a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by: <ul style="list-style-type: none"> <li>(i) a trustee of the entity, or</li> <li>(ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity, and</li> </ul> </li> <li>(b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.</li> </ul>
<b>Allocated pension (also known as an account-based pension)</b>	<p>A pension arrangement where a person regularly draws down an amount from that account within prescribed limits set by the Commonwealth Government. The pension will continue until death, commutation or until the pension account is exhausted.</p>
<b>AML/CTF Act</b>	<p><i>Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)</i> and all sub-ordinate legislation in respect of that Act, as amended from time to time.</p>
<b>Annual Statement</b>	<p>An annual statement of your account, including a transactions summary for the financial year and other prescribed information.</p>
<b>Approved Deposit Fund (ADF)</b>	<p>A concessional tax trust that can receive, hold and invest certain types of rollovers (but cannot accept super contributions) until such funds are withdrawn or a condition of release is met.</p>

<b>Australian Financial Services Licence (AFSL)</b>	A licence issued by the Australian Securities and Investments Commission (ASIC) under the <i>Corporations Act 2001</i> which, among other things, permits the issuing of a financial product or the giving of financial advice.
<b>Benefit</b>	The amount of money in your account to which you (or in the event of your death, your dependant(s) and/or Legal Personal Representative) are entitled to be paid in relevant circumstances.
<b>Binding Death Benefit Nomination</b>	A written direction to us which, if valid and in effect, binds us to pay your benefit to the dependant(s) and/or Legal Personal Representative that you have nominated in the event of your death.
<b>Business day</b>	A day other than a Saturday, Sunday or a public holiday in Melbourne.
<b>Buy-sell spread</b>	A buy-sell spread is a fee to recover the transaction costs incurred by you in relation to the sale and purchase of underlying managed investments.
<b>Capital gains tax (CGT)</b>	A tax applied on the increase in the value of an investment that may be payable upon the disposal of the investment.
<b>Certified copy</b>	A document that has been certified to be a true and complete copy of the original, by a person authorised to witness the signing of a statutory declaration under applicable Commonwealth or State legislation.
<b>Complying income stream</b>	An income stream which meets certain minimum operating standards set by the Commonwealth Government and may be (partly or wholly) exempt from the Centrelink/Department of Veterans' Affairs Assets Test. An IOOF Pursuit Select Term Allocated Pension is a complying income stream.
<b>Concessional contributions</b>	Employer and tax deductible personal contributions. The Government sets an annual cap on the amount of concessional contributions that can be made to your super each year before additional tax applies. The cap on concessional contributions and the tax penalties that apply if you breach the cap are set out in the 'How super is taxed' section of this guide.
<b>Condition of release</b>	These are restrictions placed on super funds on how and when preserved benefits can be paid. A condition of release must be met before a benefit is paid. The following conditions of release have no cashing restrictions: <ul style="list-style-type: none"> <li>• retirement</li> <li>• reaching age 65</li> <li>• reaching preservation age and permanently retired</li> <li>• death</li> <li>• permanent incapacity</li> <li>• termination of employment and the benefit is less than \$200</li> <li>• terminal illness.</li> </ul>
<b>Contribution</b>	Represents any amount that is a concessional or non-concessional contribution or a transfer to your account.
<b>Death Benefits Dependant</b>	When paying a death benefit, a dependant (for tax purposes) means: <ul style="list-style-type: none"> <li>• a spouse</li> <li>• children under age 18 (including a natural child, step child, adopted child or child of your spouse)</li> <li>• a person who is partially or wholly financially dependent on you at the date of death</li> <li>• a person with whom you have an interdependency relationship at the date of death.</li> </ul>

<b>Death benefit pension</b>	This is new pension that commences on the death of a superannuation fund member. A Death benefit pension can be paid to a Death Benefit Dependent other than a child aged 25 or over (unless the child is disabled).
<b>Dependant</b>	A dependant (for super purposes) means: <ul style="list-style-type: none"> <li>• a spouse</li> <li>• any child (including a child over 18) – a child includes a natural child, ex-nuptial child, stepchild, adopted child or child of your spouse</li> <li>• a person who is partly or wholly financially dependent on you at the date of death</li> <li>• a person with whom you have an interdependency relationship at the date of death.</li> </ul>
<b>Derivatives</b>	Contracts that call for money to change hands at some future date, where the amount depends on, or is derived from, another security, liability or index. For example, a contract might specify that one person can buy an item from the other at today's price in six months' time, regardless of the market price at that time.
<b>Eligible rollover fund</b>	An eligible rollover fund (ERF) is a special type of public offer super fund that accepts member benefits from other super funds for people who may have been lost by that fund or are no longer eligible for membership of that fund.
<b>Exit fee</b>	An exit fee is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.
<b>Financial institution</b>	A bank, building society or credit union.
<b>Fund</b>	IOOF Portfolio Service Superannuation Fund (ABN 70 815 369 818)
<b>Goods and Services Tax (GST)</b>	A broad-based tax of 10% on the supply of most goods, services and other items sold or consumed in Australia.
<b>High yielding securities</b>	High yielding securities are investments in non-traditional debt assets that generally earn higher interest than traditional fixed interest securities. These securities may provide higher returns as they are generally regarded as being less secure than traditional fixed interest securities. As a result, there is potential for higher volatility and lower liquidity.
<b>Income stream</b>	A series of payments provided by a pension or annuity product.
<b>Indirect cost ratio</b>	The indirect cost ratio (ICR), for an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the investment option, to the total average net assets of the superannuation entity attributed to the investment option. Note: A fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost ratio.



<b>Insurer</b>	<p>The term 'the Insurer' refers to the insurance provider under the group life and income protection policies and any retail insurance policies.</p> <p>Currently TAL Life Limited (TAL) ABN 70 050 109 450, AFSL 237848 provide the group life and income protection policies.</p> <p>Retail insurance providers include TAL, Zurich Australia Limited ABN 92 000 010 195, AFSL 232510 and AIA Australia Limited ABN 79 004 837 861, AFSL 230043.</p> <p>Group life and income protection policies may be provided by any other insurance provider approved by the Trustee. We will notify you if the Trustee decides to change the insurance provider of group life and income protection policies.</p>
<b>Interdependency relationship</b>	<p>An interdependency relationship may exist between two people if they live together in a close personal relationship and one or each of them provides the other with financial and domestic support and personal care. This may include a parent or sibling with whom you live. An interdependency relationship may still exist between two people if they have a close personal relationship but do not live together because either or both of them suffer from a physical, intellectual or psychiatric disability.</p>
<b>Investment fees</b>	<p>An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes:</p> <ul style="list-style-type: none"> <li>(a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and</li> <li>(b) costs that relate to the investment of assets of the entity, other than: <ul style="list-style-type: none"> <li>(i) borrowing costs; and</li> <li>(ii) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and</li> <li>(iii) costs that are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.</li> </ul> </li> </ul>
<b>Legal Personal Representative</b>	<p>The executor of your Will or the administrator of your estate.</p>
<b>Mandated employer contributions</b>	<p>Superannuation Guarantee and employer contributions under an award or industrial agreement.</p>
<b>Non-binding Death Benefit Nomination</b>	<p>A nomination of preferred dependant(s) may assist us to determine to whom to pay your benefit in the event of your death. We are not bound by this nomination.</p>
<b>Non-concessional contributions</b>	<p>These include personal contributions and spouse contributions which are not tax deductible. The Commonwealth Government sets an annual cap on the amount of non-concessional contributions that can be made to your account before additional tax applies. Some personal contributions, such as those attributable to the sale of small business assets up to the lifetime limit of \$1,565,000 and those derived from personal injury compensation payments may be exempt from the cap. For the cap on these contributions and tax penalties that apply if you breach the cap, see the 'How super is taxed' section of this guide.</p>
<b>Non-lapsing Binding Death Benefit Nomination</b>	<p>A written nomination where the Trustee consents to pay your death benefit to the beneficiaries you have nominated. The Trustee will only consent if it is clear that the member understands that the nomination is enduring and will not expire.</p>

<b>Pension product</b>	Includes account based pension, allocated pension and term allocated pension.
<b>Pensions</b>	Pensions are provided by super funds and are established for the purpose of paying an income in retirement.
<b>Permanently incapacitated</b>	Ill-health (whether physical or mental) where the Trustee is reasonably satisfied that the member is unlikely, because of the ill-health, to engage in gainful employment for which the member is reasonably qualified by education, training or experience.
<b>Portfolio</b>	The mix and composition of an investor's holdings among different asset classes (or if in a single asset class, between different sectors and investments).
<b>Preservation age</b>	The age at which retired individuals can access their super. A person's preservation age will be between ages 56 and 60, depending on their date of birth. If you were born after 30 June 1964 your preservation age is 60.
<b>Preserved benefits</b>	<p>Generally, these benefits must be retained in the super system until you permanently retire from the workforce on or after reaching your preservation age. Preserved benefits can also be paid out:</p> <ul style="list-style-type: none"> <li>• on leaving employment after age 60</li> <li>• on reaching age 65</li> <li>• under a Transition to retirement pension</li> <li>• on death</li> <li>• on permanent incapacity</li> <li>• on severe financial hardship grounds</li> <li>• on compassionate grounds approved by the ATO.</li> </ul> <p>They may also be paid out to satisfy a release authority from the ATO.</p>
<b>Reduced input tax credits (RITC)</b>	Refers to a portion of the GST that can be claimed back from the ATO in certain circumstances.
<b>Release authority</b>	An authority issued by the ATO specifying an amount to be released from the Fund in order to pay tax on contributions that exceed the annual caps.
<b>Restricted investment</b>	An illiquid investment for the purposes of super law relating to the portability of members' benefits. Illiquid investments are assets which either cannot be readily realised within 30 days, or where realising those assets within 30 days would have an adverse impact on their value.
<b>Restricted non-preserved benefits</b>	These benefits can be accessed on the same grounds that apply for preserved benefits. Also, where you terminate your employment with an employer who had, at any time, contributed to the super fund on your behalf, your restricted non-preserved benefits become unrestricted non-preserved benefits.
<b>Retirement phase pension</b>	This is a pension payable when the member has met a condition of release (such as retirement after preservation age or reaching age 65).
<b>Reversionary Beneficiary</b>	The person nominated by the primary beneficiary to continue the pension after the death of the primary beneficiary.
<b>Salary sacrifice</b>	An arrangement with an employer for an employee to 'give up' a portion of the employee's pre-tax salary in exchange for additional contributions by the employer to the employee's super.

<b>Spouse</b>	<p>This could be:</p> <ul style="list-style-type: none"> <li>• your married husband or wife</li> <li>• a person with whom you have a relationship registered under State or Territory law</li> <li>• a person with whom you live on a genuine domestic basis in a relationship as a couple.</li> </ul> <p>A spouse includes an opposite-sex or a same-sex de facto partner.</p>
<b>Super law</b>	Includes the <i>Superannuation Industry (Supervision) Act 1993 (Cth)</i> , <i>Corporations Act 2001 (Cth)</i> , <i>Income Tax Assessment Act 1997 (Cth)</i> and associated regulations.
<b>Super product</b>	Includes personal super, corporate super and employer super within the Fund.
<b>Super fund</b>	A complying fund whose trustee has elected that the fund be regulated by the <i>Superannuation Industry (Supervision) Act 1993 (Cth)</i> .
<b>Switching</b>	The movement of monies between investment options (such as managed investments and/or listed investments) and/or between the Cash Account and investment options. Switches between managed investment options are processed as redemption of units from one managed investment and the purchase of units in another managed investment from the available investment list. Switches between listed investments involve the sale of a listed investment and the purchase of another listed investment.
<b>Switching fees</b>	A switching fee for a superannuation product other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.
<b>Taxable component</b>	Tax may be payable on this component of your benefits that is not included in the tax-free component.
<b>Tax-free component</b>	<p>Tax is not payable on this component of your benefits. The tax-free percentage of a pension is determined on commencement of the pension and applies to all payments made thereafter (lump sum or pension).</p> <p>Tax is not payable on the following components of a lump sum:</p> <ul style="list-style-type: none"> <li>• Any non-concessional contributions plus any Government co-contributions made to the super account.</li> <li>• Tax-free components previously transferred into the super account or crystallised within the account as at 30 June 2007.</li> </ul>
<b>Terminally ill or Terminal illness</b>	<p>For the purposes of releasing superannuation benefits, you are terminally ill if two registered medical practitioners (one of whom is a specialist in the relevant illness or injury) certify that you suffer from an illness or have incurred an injury that is likely to result in death within a period of 24 months after the date of the certificate (and the period of 24 months has not yet expired).</p> <p>The definition of Terminal Illness Benefit insurance cover offered through the Fund has a different certification period of up to 12 months.</p>
<b>Term investment</b>	Term deposits and fixed-term annuities
<b>Total superannuation balance</b>	This is the total value of all your benefits in superannuation and pensions. This is reduced by the sum of any personal injury compensation payments (structured settlement) amounts contributed to super. You cannot make further non-concessional contributions if your total superannuation balance on the previous 30 June is \$1.6 million or more.

<b>Transfer/rollover</b>	A lump sum paid within the super environment between super funds, between super products or into an income stream.
<b>Transfer balance cap</b>	This is the maximum amount of pension benefits that can transfer to the tax-free investment environment. Retirement phase pensions, Reversionary pensions and Death benefit pensions are generally assessed against the recipient's personal transfer balance cap. Reversionary and Death benefit pensions paid to children are assessed against the child's share of the deceased parent's transfer balance cap. TTR pensions are not assessed against the transfer balance cap until the member meets a condition of release.
<b>Transition to retirement (TTR) pension</b>	A pension that enables persons who have reached their preservation age to transfer their preserved benefits, restricted non-preserved benefits and unrestricted non-preserved benefits into an income stream while continuing to work. An income stream using a TTR pension option will generally be non-commutable and have restrictions on when withdrawals can be made.
<b>Trust Deed</b>	The legal document governing the Fund and its operation. A trustee must comply with its Trust Deed.
<b>Unrestricted non-preserved benefits</b>	These benefits may be paid to you at any time without a change in your employment status.
<b>Withdrawal</b>	A payment made to you or for your benefit from your super fund after allowing for taxes, fees and charges (if any). The payment can be made to another super fund or taken in the form of a lump sum cash payment (Commonwealth Government restrictions may apply; see the 'Accessing your super' section of this guide for further information). Cash withdrawals are only permitted in certain limited circumstances under the Transition to retirement pension option and for term allocated pensions.

