Fact sheet

# Defined Benefit Scheme

## Deferred (vested) account

This guide provides a summary of your deferred (vested) account and should be read in conjunction with your benefit estimate or statement.

## What to expect in this guide



**If there are any inconsistencies between this summary and the trust deed, the trust deed will prevail.**

### 1 What's a deferred benefit?

A deferred benefit represents the part(s) of your former defined benefit account that has become deferred since the date you changed employers or stopped contributing to the Defined Benefit Scheme. This amount is deferred until you become eligible to receive it.

A defined benefit is where your super benefit is determined by a formula (set out in the fund's trust deed), which is usually based on your salary. Your employer contributes to the amount needed to enable the fund to pay the benefit to you, based on agreed contribution rates and other variables such as inflation.

You may also have an accumulation (super) account to receive contributions paid by your employer, which are based on your ordinary time earnings.

For more information about the features and conditions of your accumulation account please refer to the *Product Disclosure Statement* available from **aware.com.au/pds** or call us on **1300 650 873**.

### 2 Explaining your lump sum value

Your deferred account is adjusted twice yearly in accordance with movements in the Consumer Price Index (CPI) until you are eligible to be paid out.

### 3 How the CPI updates work

Movements in the Consumer Price Index (CPI) are provided by the Australian Bureau of Statistics and are pro-rated over the number of days your lump sum is in your account, from the time that your defined benefit is transferred into the deferred account.

Deferred entitlements are updated in June and December each year in accordance with movements in the CPI rate that is applicable to the preceding six month period.

For example, for the increase that is applied in June, the CPI rate applicable is taken from the previous July to December period.

If you exited the fund in May, the adjustment applicable for the period January to May is taken from the previous July to December period and is pro-rated accordingly.

## 4 Payment of your deferred benefit

Under government legislation, preserved benefits must remain in a superannuation account until a condition of release, as prescribed under superannuation legislation, is met. For Australian citizens and permanent residents, your benefit may be released if you:

- reach your preservation age and permanently retire, leave your employer after age 60, or turn 65
- apply for the release of your entitlements due to severe financial hardship or on compassionate grounds
- die, become permanently incapacitated or terminally ill.

Payment conditions under the trust deed must also be satisfied. For more information about the preservation rules and conditions of release, including a full list of release conditions, visit **aware.com.au/factsheets** or call us.

If you are ineligible to receive payment of your deferred benefit under the trust deed and/or the conditions of release, you may transfer the balance of your deferred account out of the Defined Benefit Scheme. This is subject to the value of the account being adjusted in accordance with the trust deed.

### If you die

Your lump sum amount is updated with CPI movements to the date of your death. Your super is paid to your eligible dependants. If there are no dependants, the amount is paid to your estate.

### If you become permanently disabled

Your lump sum amount is updated with CPI movements to the date that you become permanently disabled. It is paid to you.

### Beneficiary nominations

Defined benefit members can make binding death beneficiary nominations for the lump sum component of their account.

(excluding any lifetime pension). If there is a valid binding death benefit nomination in place at the time of death, we will pay a lump sum to each of the nominated beneficiaries in the proportions specified, provided the nomination remains valid. A binding death benefit nomination:

- is valid for a period of three years if it is a lapsing nomination
- does not expire if it is a non-lapsing nomination
- is invalid if one or more beneficiaries die or no longer meet the definition of 'dependant' at the time of your death.

To make a binding nomination, download the form from our website or call us and we will send you the form. We also have forms for you to change, renew or cancel your nomination. Details of any binding beneficiaries will be shown on your next statement.

### Who can receive a death benefit?

The person(s) you nominate under a binding nomination must be a 'dependant' as defined under superannuation law and the fund's trust deed.

They can also be your legal personal representative, who is the executor or administrator of your estate.

Dependants can include one or more of the following at the time the trustee pays the benefit:

- your current spouse or de facto
- your children, including step, adopted and ex-nuptial children
- any person(s) financially dependent on you, or
- a person in an interdependency relationship with you.

More information about dependants and how your super is distributed after your death can be found on our website.

### Your estimated benefit entitlements

Your benefit estimate or statement provides an estimate of significant benefit entitlements. These estimates are indicative only and are not a promise of any particular benefit or amount. Any benefits paid are subject to preservation rules and are in addition to the superannuation guarantee contributions your employer pays into your accumulation account (if applicable).

## 5 Transferring your balance

The trustee may, with your consent, transfer an amount representing the value of all or part of any benefit you have in the scheme, as determined by the trustee in conjunction with the fund's actuary, subject to express provisions in the trust deed applicable to the scheme.

### If you are under age 55

Under the trust deed, you may transfer your lump sum at its discounted present day value. You can move this into an accumulation account within the fund or transfer it to another complying fund of your choice. By doing this you will be voluntarily leaving the Defined Benefit Scheme and your money will attract investment returns at the earnings rate applicable to your chosen investments instead of CPI adjustments.

### What does discounted present day value mean?

A discount rate of 4% compounded annually will be subtracted from the lump sum amount in your deferred account for every year (including part thereof) you are under age 55.

This discounted amount is classified as preserved and therefore cannot be paid to you as a cash benefit. It must go into another superannuation account.

### If you are age 55 or over

You may transfer your lump sum into an accumulation account within the fund or another complying superannuation fund of your choice. By doing this your money will attract investment returns at the rate applicable to your chosen investments instead of CPI adjustments. At or after age 55 your lump sum deferred benefit is no longer subject to the 4% discounting rate.

You should seek professional financial advice before you decide to transfer your benefit. You can find more information about our accumulation account at **aware.com.au/pds**.

## 6 Fees and costs

There are no fees or costs payable by you directly or indirectly in relation to the Deferred (vested) account (other than fees associated with a Family Law matter, if applicable).

The Defined Benefit fund meets all fees and costs associated with the Deferred (vested) account, including those associated with the purchase/sale and ongoing management of investments of the fund which support the payment of benefits. This includes fees paid to investment managers, as well as amounts paid to a variety of third parties such as our custodian, brokers and government authorities.

### Need help?

Defined Benefit Schemes can be confusing. Make sure you understand all the risks and benefits before you choose to take money out, or make any other decisions about your account.

If you have any questions, please contact us on **aware.com.au/contact**. We'll be happy to put you in touch with one of our qualified financial advisers who can help you decide what's best for you.

## We're here to help


### Contact us

- **1300 650 873**
- **aware.com.au/contact**
- **aware.com.au/advice**

### Visit us

Come in to one of our local offices in Australia for help and advice.

**aware.com.au/locations**