

# Defined Benefit Scheme

For members who joined the fund after 1 July 1988

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

## What to expect in this guide

### 1 What is a defined benefit?

How a defined benefit scheme works.

### 2 Things that could affect your final payment

What you need to keep in mind.

### 3 The basics

How we calculate your benefit and when it might change.

### 4 Your benefit entitlements

How and when we'll pay your benefit.

### 5 Fees and costs

What applies to your account.

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

## 1 What's a defined benefit?

When you are part of a defined benefit scheme, how much super you receive in retirement is determined by a formula (set out in the fund's trust deed), which is usually based on your salary. Salary refers to your base rate of pay and includes allowances that are regularly paid over a 52-week period, but does not include reimbursements. Please refer to the trust deed for the full definition.

Your employer is required to contribute towards your defined benefit. Employer contributions are not allocated to your individual account, but to the defined benefit pool from which all of the fund's defined benefits are paid.

Member defined benefit contributions are included in the non-concessional contribution cap, however employer defined benefit contributions are classed as notional and are not included in the non-concessional contribution cap. For more information about the contribution caps, please refer to the fact sheet available on our website.

Generally you will also have an accumulation account designed to receive superannuation guarantee contributions paid by your employer. These contributions are based on your ordinary time earnings.

For more information about the features and conditions of your accumulation account please refer to the relevant *Member Booklet* available from [aware.com.au/pds](http://aware.com.au/pds) or call us.

## 2 Things that could affect your final payment

### Your Adjusted Final Fund Salary (AFFS)

Your adjusted final fund salary (AFFS) is provided on your statement. When we calculate your defined benefit, your AFFS is based on your fund salary each pay period provided by your employer. It represents the greater of your average salary (over the previous two years of employment) and your salary as of 1 January 1994.

Your AFS is determined by dividing your actual salary by your service proportion for that pay period, then by adding the full-time equivalent salary for each pay period (or part thereof) over the last two years and dividing by two.

If your salary on 1 January 1994 was higher than your AFS, this will be shown on your statement.

Please contact us if you would like a full list of salaries received that have been used to calculate your AFS.

### Date you joined the scheme

Refer to your benefit estimate or statement for the date you joined the Defined Benefit Scheme.

### The date you started service

This date relates to the calculation of your benefits for taxation purposes. It is also used to calculate the deferred component of your resignation benefit.

### The amount you have paid

This is the total amount (after tax) you have paid into your defined benefit account during the current financial year. It is based on a contribution rate applicable to you of 0%, 3%, 4%, or 6% being the percentage of your fund salary paid into the scheme. You can change your contribution rate at any time (for example, from 3% to 4%) by asking your employer. Please note that the 6% contribution rate hasn't been available since December 1993.

### Your current multiple

This is determined by your contribution rate, together with years and completed months of membership in the Defined Benefit Scheme as at the date of your benefit estimate or statement. Different multiples apply depending on the circumstances in which your benefit is taken (e.g. resignation or retirement).

## 3 The basics

### Your benefits are calculated as:

#### Benefit multiple x AFS = your benefit

The benefit that will be paid to you depends on the circumstance in which your benefit is taken. For example, resignation if you are under age 55, or retirement if you are age 55 or over. Your multiple is determined by your contribution rate and your years and completed months of membership at the date of the benefit estimate or statement. If you have worked on a part-time or casual basis, the accrual rate is multiplied by your service proportion for that period.

\* 6% rate closed December 1993.

† For benefit accrual rates prior to this date refer to the trust deed which is available online or by contacting us.

### Benefit accrual rates based on contribution rates

Your contribution rate	Resignation multiple	Retirement multiple (benefit accrual rate since 2002)*
0%	0	0
3%†	3%	3%
4%	4%	4.5%
6%†	6%	10%

### Before withdrawing your benefit

Your benefit entitlements might change from time to time. Make sure you ask us for the most up-to-date information before you decide to withdraw any money. Keep in mind that you can only withdraw your benefit if permitted under the trust deed and superannuation legislation. For details see **Your benefit entitlements** on the next page.

### If you change jobs

Your new employer is not required to contribute to your defined benefit account. Subject to approval of the trustee (at its discretion), your new employer may contribute to your defined benefit account if you provide them with your member number and contribution rate. If your new employer chooses to not do this, your defined benefit account be closed.

### When a benefit becomes payable

From the date you cease employment with your defined benefit employer, your lump sum will be updated with returns at the defined benefit rate of return until the effective date of closure of your account. The effective date of closure of your defined benefit account may be a date prior to the date of payment. Where deferred benefits are selected, you will receive a statement summarising your entitlement(s).

### If a surcharge is deducted

If we receive a surcharge tax assessment from the Australian Taxation Office (ATO) relating to your defined benefit contributions, we deduct the surcharge from your accumulation account with the fund. Surcharge tax was abolished on contributions made after 30 June 2005, however assessments may still be received from the ATO after this date.

## 4 Your benefit entitlements

Payment of your benefit is subject to preservation rules and conditions of release. For more information read the 'How to access to your super' factsheet at [aware.com.au/factsheets](https://www.aware.com.au/factsheets). Please note, the calculation of preserved amounts for defined benefit members differs from the standard information available on our website. Refer to your benefit estimate or statement for your preservation amounts.

These amounts assume that you have not stopped working for your employer. When you do, any amount noted as restricted non-preserved will be reclassified as unrestricted non-preserved and made available for you to withdraw (subject to the defined benefit rules). Depending on your age, tax may be applicable on your benefits and will be deducted as required by law.

### If you resign before age 55

Your benefit will consist of two parts: a lump sum (payable immediately, subject to preservation rules) and a deferred lump sum, payable upon meeting a condition of release.

Type	What is it	Formula used
<b>Immediate</b>	This benefit represents a percentage (0%, 3%, 4% or 6%) of your AFS. This component is subject to preservation.	Resignation multiple x AFS
<b>Deferred</b>	This benefit represents a portion of your retirement benefit. The deferred component cannot be taken in cash upon cessation of employment or rolled out of the fund. Deferred entitlements are updated in June and December each year in accordance with movements in the Consumer Price Index (CPI) that is applicable to the preceding six month period	5% x (years and months of service less five years) x (Retirement multiple less resignation multiple) x AFS

### If you retire on or after age 55

You will receive a lump sum benefit (subject to preservation rules). This lump sum is calculated using the formula

*Benefit multiple x AFS = your benefit.*

### If you are retrenched before age 55

You will receive a lump sum instead of a resignation benefit (subject to preservation rules). It is calculated using the above formula.

\* In some cases a minimum death benefit may apply.

### If you die while an active Defined Benefit Scheme member

Your eligible dependants are entitled to a lump sum benefit\*. This is calculated by adding your accrued retirement benefit (at your date of death) to an amount projected through to age 60 (subject to your medical classification). If you are over 60, the lump sum benefit is your retirement benefit. If you have no eligible dependants, your resignation benefit will be payable to the legal personal representative of your estate.

### If you become permanently disabled while an active Defined Benefit Scheme member

If you are aged under 60, your benefit is calculated the same way as your death benefit but paid as a fortnightly pension. If you are age over 60, you are entitled to your retirement benefit paid as a lump sum.

### 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 at [aware.com.au/nominate](https://www.aware.com.au/nominate) or call us and we will send you the form. We also have forms to enable 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 by Commonwealth laws, including taxation and superannuation laws, and the fund's trust deed) or your legal personal representative. Your legal personal representative 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. For more information about dependants, call us on **1300 650 873**.

### 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 guarantee 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).

### Your transaction listing on your benefit estimate or statement

Your defined benefit member contribution amount is listed on your statement. If the values contributed appear incorrect, please check with your employer.

### The percentage of full-time hours you work

If you do not work full time, the service proportion refers to your actual hours worked, divided by the prescribed full-time hours for the position you are in at your place of employment.

If you work full time, the service proportion is 100%. Your service proportion is provided to us by your employer.

## 5 Fees and costs

There are no fees or costs payable by you directly or indirectly in relation to the Defined Benefit (Post-1988) account (other than fees associated with a Family Law matter).

Your employer meets all fees and costs associated with the Defined Benefit (Post-1988) 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 to choose to take money out of your account.

If you have any questions, please contact us on [aware.com.au/contact](https://www.aware.com.au/contact). We'll be happy to put you in touch with one of our highly 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](https://www.aware.com.au/contact)**
-  **[aware.com.au/advice](https://www.aware.com.au/advice)**

### Visit us

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

**[aware.com.au/locations](https://www.aware.com.au/locations)**

### Important information

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