Fact sheet

Defined Benefit Scheme

For members who joined the fund before 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

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 *Product Disclosure Statement* and *Handbook* available from **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 AFFS 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 AFFS, 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 AFFS.

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 of 6%, being the percentage of your fund salary paid into the scheme.

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 (whether you have resigned or retired).

3 The basics

Your benefits are calculated as:

Benefit multiple x AFFS = 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.

Benefit accrual rates based on contribution rates

Your contribution rate	Resignation multiple	Retirement multiple (benefit accrual rate since 2002)†
0%	n/a	0
6%*	6%	10%

* 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.

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 this 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 outlining 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 your super'* fact sheet at **aware.com.au/factsheets** Please note the calculation of preserved amounts for defined benefit members differs from the standard information available on our website, and you should 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 you have three options:

Option 1 – Immediate lump sum and Deferred lump sum

Your entitlement will consist of an immediate 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
Immediate	This benefit represents a percentage (6%) of your AFFS. This component is subject to preservation.	Resignation multiple **x** AFFS
Deferred	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. It is updated twice a year in accordance with movements in the Consumer Price Index (CPI).	5% **x** (years and months of service less five years) **x** (Retirement multiple less resignation multiple) **x** AFFS

Option 2 – Deferred lump sum and deferred fortnightly pension

Your entitlement consists of a deferred lump sum and a deferred fortnightly pension, payable upon meeting a condition of release.

Option 3 – Deferred lump sum

Your entitlement will consist of a deferred lump sum only, payable upon meeting a condition of release. This deferred lump sum will be updated bi-annually in accordance with movements in the CPI.

If you retire from age 55 you have two options:

Option 1 – lump sum

This is calculated using the formula:

Your Benefit multiple x AFFS = your benefit.

Option 2 – lump sum and fortnightly pension

You will receive a lump sum and a fortnightly pension.

If you are retrenched before age 55 you have two options:

Option 1 – lump sum

This is paid instead of a resignation benefit (subject to preservation rules) and is calculated as if you retired on the date you were retrenched.

Option 2 – lump sum and deferred fortnightly pension

The lump sum may be paid, subject to preservation rules.

The benefit is calculated as if you retired on the date you were retrenched. The deferred fortnightly pension is deferred until you reach your preservation age and is updated twice a year in accordance with movements in the CPI.

If you are retrenched after you turn 55, you will receive your retirement benefit.

If you die while an active Defined Benefit Scheme member, your eligible dependants have two options:

Option 1 – lump sum

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.

Option 2 – lump sum and fortnightly spouse and/or dependant pension

This is your retirement benefit at the date of your death†. The lump sum and fortnightly pension are paid to your eligible spouse and/or other eligible dependants (other than a child) if permitted by the trust deed. The fortnightly pension is equal to two thirds of the disablement pension. A children's allowance may also be payable if there are eligible children. If you have no eligible dependants, the lump sum, together with a refund of contributions made towards the pension scheme, is paid to the legal personal representative of your estate (subject to certain conditions).

Note: Payment of a pension to a child aged 18 or more after a member's death is subject to government restrictions.

For further information call us.

* A minimum benefit may also apply under Option 1.
† In some cases a minimum death benefit may apply.

If you become permanently disabled while an active Defined Benefit Scheme member, you have two options:

Option 1 – fortnightly pension

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 aged over 60, you will be entitled to your retirement benefit paid as a lump sum.

Option 2 – lump sum and fortnightly pension

Benefits are calculated the same way as your death benefit under Option 2 above and paid as a lump sum plus a fortnightly pension (age 65 pension). A children's allowance may also be payable if there are eligible children.

How the lump sum in each 'Option 2' is calculated (applies to resignation, retirement, retrenchment, death and permanent disablement)

We maintain two accounts for you; an earnings-based account, and a defined benefit account. The lump sum that appears on your benefit estimate or statement represents the greater of:

Account type How is it calculated	
Earnings based	The earnings based account is updated with the defined benefit rate of return as at 30 June each year*. For more information about the earning rates applicable for previous financial years, see the long term definted benefit returns table on your latest annual statement.
Defined benefit	The defined benefit style lump sum is updated with your relevant AFFS.

About your fortnightly pension

This is calculated using your membership period, your age and your AFFS.

- **Protecting your family** – A reversionary pension is payable to your eligible spouse or other eligible dependant, other than a child (subject to any legislative requirements) if you die.
- **Children's allowance** – An allowance may also be payable per eligible child upon your death or disablement. Eligible children are either under the age of 18, or between 18 and 25 and are full-time students and financially dependent. The current allowance rate per child per fortnight is updated twice a year in accordance with movements in the CPI and is payable in addition to a disablement or reversionary pension.
- **Flexibility** – You may be eligible to commute part of your entitlement into a lump sum, subject to certain conditions.
- **Updating your pension** – The pension is updated twice a year in accordance with movements in the CPI.

CPI Increases

Any Deferred entitlements, Lump Sum or Pension, where it is indicated that they increase with CPI, are updated in June and December each year or at the point of the benefit calculation, in accordance with movements in the consumer price index that is applicable to the preceding six month period.

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** 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

* If you leave during the financial year, your account will be calculated using an interim defined benefit rate of return.

- 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.

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).

Defined benefit rate of return

The earnings-based account in Option 2 on your benefit estimate or statement is updated with the defined benefit rate of return. The returns for the last five financial years and the five and ten-year compound average can be found in your latest annual statement. The five or ten-year defined benefit rates of return are not indicative of the returns applicable to your account.

Your transaction listing on 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 Investment fees and costs, and transaction costs

Investment fees and costs and transaction costs are paid from the assets of the scheme and are not deducted directly from your defined benefits. The defined benefit rates of return are calculated after investment fees and costs and transaction costs and relevant tax deductions.

The investment fees and costs and transaction costs in the table below are indicative only and based on the fees and costs incurred for the year ended 30 June 2024, other than performance fees which are a five-year average. The amounts incurred in future years will depend on the fees and costs incurred by the trustee in managing the Defined Benefit Scheme. **Past costs are not a reliable indicator of future costs.**

Investment fees and costs				
Investment base fees	Performance fees 5-year average	**Total investment fees and costs**	**Transaction costs**	**Total investment fees and costs and transaction costs**
0.10%	0.24%	**0.34%**	0.01%	**0.35%**

Investment base fees

Investment base fees include:

- fees paid to investment managers,
- the costs of the Aware Super Investment team,
- amounts paid to third parties, such as our custodian, asset consultants, valuers, accountants, auditors and tax specialists,
- the estimated costs of over-the-counter (OTC) derivatives (i.e. derivative contracts traded directly between two parties, rather than on a listed financial market), and
- securities lending costs.

Investment base fees may vary from year-to-year and we can't calculate them precisely in advance.

Performance fees

While we don't charge performance fees directly, we have performance fee arrangements with a number of external investment managers in place. These managers receive (or accrue) performance fees if they generate investment returns that exceed an agreed level. Investment managers with performance fee arrangements are generally also paid a base management fee. However, the base management fee for these managers is typically lower than we consider it likely to be if there were no performance fee arrangement.

When our external managers with performance fee arrangements perform well, investment fees and costs will typically be higher, and performance fees may be payable even when the performance of the Defined Benefit Scheme as a whole does not exceed its performance objective.

Performance fees are typically accrued at a frequency consistent with the valuation cycle of the relevant asset or portfolio. This means the valuations for the relevant investments factor in any performance fees owing. These accrued amounts are included in the performance fee amounts we report and can go up and down over time. In some years, performance fees may be negative which indicates that the amount of performance fees owing decreased over the relevant financial year. Note that performance fees are generally only paid once an investment is sold, and not all accrued performance fees will necessarily be paid.

Performance fees are part of investment fees and costs, and like investment base fees, can vary from year to year. The actual amount of performance fees incurred in a particular financial year will depend on:

- the individual performance fee arrangements with investment managers,
- the investment returns for these investments, and
- the allocation of the Defined Benefit Scheme to these investments.

Performance fees are an average of the last five financial years.

Transaction costs

Transaction costs may be incurred directly by the scheme or through an underlying investment vehicle when buying and selling their assets. Transaction costs are deducted from the assets of the fund or an underlying investment vehicle and are an additional cost.

Transaction costs can include:

- brokerage costs (the amount paid to a broker when buying and selling underlying securities, for example shares),
- settlement and clearing costs,
- stamp duty (a government tax paid on the transfer of certain assets or property from one owner to another),
- due diligence costs on investment transactions, for example legal and advisory costs, and
- buy/sell spreads on underlying investment vehicles.

Transaction costs will vary from year to year depending on the asset classes held within the scheme and the type, size and frequency of transactions. In general, illiquid asset classes such as property and infrastructure tend to have higher transaction costs (for example stamp duty) compared to more liquid asset classes like shares and fixed income.

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** 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

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