Fact sheet

Defined Benefit Scheme – deferred account

For members who left the fund before 1 July 1988

This guide provides a summary of your deferred (left before 1988) 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 How your deferred benefit is calculated

Lump sum

An earnings-based account is maintained on your behalf for your lump sum. Your lump sum benefit as at the date of your benefit estimate or statement, assumes a lump sum benefit is payable to you under the terms of the trust deed at that date. This account is updated each year with investment returns at the defined benefit rate of return. The amount used to update the lump sum is displayed under 'Your account summary' on your benefit estimate or statement.

Pension

Your pension is updated twice yearly in accordance with movements in the Consumer Price Index (CPI).

If you are under age 55

Your benefit estimate or statement shows your fortnightly pension value when you turn 55.

If you are age 55 or over

Your benefit estimate or statement shows your fortnightly pension value if you were to start having your pension paid as at the date of your benefit estimate or statement.

Until you turn 65, your pension is discounted from its full value using the appropriate age factors as set out in the fund's trust deed. If you elect to take your pension before age 65, the discounted amount is the amount you will be paid for life, plus twice yearly changes according to movements in the CPI.

3 How your supplementary account benefit is calculated (if applicable)

You may also have a supplementary account. This account relates to additional contributions that you made prior to 1 January 1994. The supplementary account is an earnings- based account that is maintained on your behalf alongside your deferred account.

The supplementary account is updated with investment returns at the defined benefit rate of return each year. You can see the earning rates applicable for previous financial years in the long-term defined benefit returns table on your annual statement.

Any supplementary account benefit is included in your benefit estimate or statement along with your deferred account benefit.

4 How the CPI works

Movements in the CPI are provided by the Australian Bureau of Statistics and are pro-rated over the number of days your pension is in your account, from the time that your defined benefit is transferred into the deferred account.

Applying the CPI helps your pension (if applicable) retain the same purchasing value in line with inflation over time.

Deferred pension 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 commence your pension in May, the CPI applicable for the period January to May (while your entitlement was still deferred) is taken from the previous July to December period

5 Payment of your deferred benefit

Under government legislation, preserved benefits must remain in a superannuation account until a condition of release 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.

If you die

Your lump sum

Your lump sum entitlement (if any) is updated with the defined benefit rate of return to the date of your death.

The lump sum is paid to your eligible dependants. If there are no dependants, the lump sum will be paid to your estate.

Your fortnightly pension

- Your pension entitlement (if any) is payable to your eligible spouse for life (two thirds of the age 65 pension value, regardless of his/her age when you die).
- If you have eligible dependent children, a child allowance is also payable (subject to certain conditions).
- If you have an eligible spouse and dependent children, both payments are payable.
- If you have no spouse or dependent children, a refund of your pension contributions will be paid as a lump sum to your estate.

If you become permanently disabled

Your lump sum

Your lump sum entitlement is updated with the defined benefit rate of return to the date that you become permanently disabled. It is paid to you.

Your fortnightly pension

If you have a pension option, the age 65 fortnightly pension amount becomes payable regardless of your age when you become permanently disabled. If you have eligible dependent children, a child allowance for each child is also payable (subject to certain conditions).

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 **aware.com.au/nominate** 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, or your legal personal representative (e.g. the executor of your Will).

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.

Long term defined benefit returns

The lump sum is updated with the defined benefit rate of return. The returns for each of the last five years, including the five and ten-year compound average returns are shown on your latest annual member statement. Please remember, past performance is not an indication of future performance.

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.

Transferring your balance out of the Defined Benefit Scheme

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.

You can move this amount into an accumulation account within the fund or transfer it to another complying fund of your choice. 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 Investment fees and costs, and transaction costs

Investment fees and costs and transaction costs only apply to your earnings-based account and not your defined account. These fees reflect a broad range of fees and costs associated with the purchase/sale and ongoing management of investments of the scheme and underlying investment vehicles.

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 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

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aware.com.au/locations