



Reference guide

Getting to know your pension

Issued on 6 November 2017

The information in this guide forms part of the Product Disclosure Statement (PDS) for smartMonday Pension PDS dated 6 November 2017.

How a smartMonday pension works

Investing in a pension

The minimum amount required to invest in a smartMonday Pension is \$20,000.

You can invest in a pension with a rollover (or transfer) from your super fund if you:

- are permanently retired and have reached your preservation age—see table
- leave employment at or after reaching age 60
- are over 65
- are permanently incapacitated or terminally ill and rolling in benefits from your super fund, or
- have reached preservation age (irrespective of your employment status) and are investing in a Transition to retirement pension (TRP). See table.

You cannot add to a pension once it has commenced. If you wish to transfer additional super benefits into your pension, you will either have to invest in a second pension or commute your current pension, consolidate your benefits in your super account or pension consolidation account (see page 5), and set up a new pension.

You can make withdrawals (eg commutations) if there are unrestricted non-preserved benefits or you meet a condition of release—see page 7. Or you can rollover your pension to another pension provider at any time.

The risk of investing

Payments received from an account-based pension are not guaranteed—you bear all the investment risk.

Payments will only be made while there is sufficient money in your account, which means there's a risk a pension may not provide an income stream for the rest of your life.

If you close your account you may get back less than the initial investment because of the investment performance and the impact of pension payments, fees and costs.

Social security benefits

Your social security benefits may be affected when you invest in a pension. Centrelink and the Department of Veterans' Affairs both have an assets test and an income test to determine the amount of your social security benefits, including the age pension or service pension you are eligible to receive from the Government.

Determining your entitlements and the effect your pension may have can be a complex topic. You should discuss your financial objectives and circumstances with a licensed adviser before making a decision to invest in a pension. If you don't have an adviser, we can put you in touch with one. Call us on **1300 880 588** or email enquiries@smartmonday.com.au.

Preservation ages

Preservation age is set by the Government and affects when you can access the preserved component of your super.

Your preservation age is based on your date of birth	Preservation age
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
1 July 1964 or after	60

Retirement pension (RP) and Transition to retirement pension (TRP)

There are two account-based pension options that can pay you a regular pension income stream out of your superannuation money, subject to the rules and limits set by the Government:

- **Retirement pension** —generally for those who have retired from the workforce or have retired due to ill health grounds and with unrestricted non-preserved super benefits to invest.
- **Transition to retirement pension** — is designed for people who are planning to retire, but may still want to continue working after they've reached their preservation age. A TRP can be set up with preserved and/or non-preserved super benefits. Your TRP can be converted to a retirement pension once you meet a condition of release. It will convert automatically once you turn 65.

Retirement pension (RP)	Transition to retirement pension (TRP)
➤ Can be purchased only with unrestricted non-preserved super money	➤ Can be purchased with restricted non-preserved, unrestricted non-preserved and/or preserved super monies
➤ Elect to receive income payments monthly, quarterly, half-yearly or yearly	➤ Elect to receive income payments monthly, quarterly, half-yearly or yearly.
➤ Income payments have a minimum annual limit based on your age and account balance—see page 6	➤ Income payments have a minimum limit of 4% of your account balance (unless you are age 65 or over in which case a higher minimum limit applies) and a maximum annual limit of 10% of the account balance at the start of the financial year—see page 6.
➤ Make commutations/withdrawals at any time subject to conditions outlined on page 7.	➤ Make commutations/withdrawals only if there are unrestricted non-preserved benefits or you meet a condition of release—see page 7.
	➤ Can convert to a retirement pension once you meet a condition of release—see page 7

Steps to get started and making the most of your pension

Consider these steps when completed the *Application* form contained in the *Member kit*.

Need financial advice?

Preparing for retirement is an important stage in life and getting financial advice is very important. There's lots to consider with your finances, especially your super. You'll need to make your super last as long as possible in retirement while providing you with the income you need to maintain a comfortable lifestyle.

If you have a financial adviser, they can help you make decisions about your super and pension options, and a wide range of other financial matters. If you don't have an adviser, call **1300 880 588** or email us at enquiries@smartmonday.com.au.

Get your super together

It helps to get all of your super rollovers and contributions together before investing in a pension (since you cannot add or contribute to a pension once it has started). Send us a completed *Request to transfer whole balance of superannuation benefits between funds* form available in the *Member kit* or forms section on our website, along with some proof of your identity.

If you don't already have a smartMonday super account with us, you can use a Pension Consolidation Account to combine your super money (see next page). To apply, complete the *Pension Consolidation Account Application* form in the *Member kit*.

Plan your pension payments

Choose the frequency and amount of income you wish to receive from your smartMonday Pension, within limits set by the Government —see page 6. Of course, we'll need to know your bank account details to pay your income into.

You can make changes to your arrangements by logging in online once you've been set up for online services, or sending us a *Change member details and options* form.

Choose how you would like your pension to be invested

You can choose an investment option or a mix of options that suits you. We have two types of investment options:

- > Pre-mixed
- > Sector

If you don't choose an option on your *Application* form, we will invest your money in the Defensive – Index option. See the *Your investment options* reference guide on the website at smartMonday.com.au/resources.aspx for more information.

The investment options for a retirement pension are untaxed. The options for a transition to retirement pension are taxed at the concessional superannuation rate of up to 15%. You'll need to choose your options from the relevant RP or TRP investment list.

You can switch investments at any time online or by sending us a *Change member details and options* form.

Choose which investment options to drawdown your income

Choose which investment options you'd like us to draw your pension income payments from on page 6 of the *Application* form. We'll redeem units from these options when payments are due. If you don't complete that section, we will redeem units in proportion to the investment strategy you hold.

You can change your drawdown preference online or by sending us a *Change member details and options* form.

Nominate a beneficiary

It's important to let us know who you would like to leave your superannuation money to when you die. You should review your nomination regularly as circumstances can change. See the next page for more information on the different types of nominations.

Death benefit nominations

There are three death benefit nomination options available to you in a smartMonday PENSION account:

- > Reversionary
- > Binding
- > Non-binding

You can set up a reversionary or a binding nomination on the forms contained in the *Member kit*. You can set up a non-binding nomination by logging in online once you've been set up for online access.

You can hold only one type of death benefit nomination on your account. In the event that you hold two or more death benefit nominations on your account, a reversionary beneficiary nomination will invalidate all other nominations and a valid binding death benefit nomination will take precedence over a non-binding death benefit nomination.

It's important to review your death benefit nomination regularly. Circumstances can change and you'll want to make sure your super savings are paid to the right people in your life.

Reversionary nomination

Unlike binding and non-binding death benefit nominations, which can be made at any point in time, a reversionary beneficiary nomination can be made only at the time you set up your pension account.

A reversionary nomination allows you to nominate your spouse to receive your superannuation death benefit as a continuing income stream—your pension reverts to your spouse seamlessly on your death, if the nomination is still valid. This type of nomination takes precedence over all other types of death benefit nominations.

A reversionary nomination does not need to be renewed, but you should review your nomination if your personal circumstances change. For instance, if your spouse predeceases you or you divorce your spouse, your reversionary nomination will be considered invalid when the death claim is assessed.

If a reversionary beneficiary nomination is not valid at the time the death claim is lodged, the trustee will pay the death benefit in accordance with the terms of the fund's trust deed.

Any changes to a reversionary beneficiary nomination will require your pension to be commuted and set up again by completing a new *Application* form.

Binding nomination

If you wish to make a binding death benefit nomination, which is legally binding on the trustee, complete and send us the *Binding death benefit nomination* form in the *Member kit*.

A binding nomination is valid for three years from the day after the date of signature and it can be renewed, revoked or amended at any time.

Generally, if you don't hold a binding nomination or your binding nomination is invalid, death benefits are paid according to the terms of the fund's trust deed.

Non-binding nomination

You can make a non-binding death benefit nomination by logging in online once you've been set up for online services, or by completing the relevant section of a *Change member details and options* form and sending it to us. A non-binding nomination is used only as a guide to your wishes on who should receive your death benefit, and it is not legally binding on the trustee. It's a handy option if you want to get something in place quickly while you consider a more permanent option. You should review your nomination regularly.

Pension consolidation account

If you don't already have a super account with us, the pension consolidation account is a basic 90-day holding account that enables you get all your super together in the one place before investing in your smartMonday PENSION.

We can also use the account if you don't have an existing (or previous) super account with us and you need to rollover your existing pension or TRP back into super to make further contributions/rollovers before commencing a new smartMonday PENSION (sometimes referred to as 'recasting' your pension).

Your super money can stay in the account for a limit of 90 days before we have to transfer it out. It will be invested in the smartMonday DIRECT cash option, which is the same as the PENSION cash option except investment earnings are taxed at the concessional superannuation rate of up to 15%. There is no insurance available and you won't have online access to view or transact on the account.

Setting up the account

Complete the *Pension consolidation account Application* form and return it along with your completed *Application* form for the smartMonday PENSION.

You must ensure that your rollovers and/or contributions total at least \$20,000 which is the minimum required to start a smartMonday PENSION.

Spouse super splits and self-employed contributions can be accepted into the pension consolidation account as long as eligibility rules are met. Self-employed tax deductions must be claimed before the benefit is rolled out to invest in a pension.

See the website for forms and factsheets to help you make contributions, including important information on the types of contributions you can make and the limits the Government sets.

For rollovers into the pension consolidation account, you can either send us the completed *Request to transfer superannuation benefits between funds* form (available in the *Member kit* or on the website at smartMonday.com.au/resources.aspx) or send it directly to your other super fund, along with the relevant proof of ID.

Fees and costs

For the fees and costs relating to the pension consolidation account, see the guide *Additional explanation of fees and costs* at smartMonday.com.au/resources.aspx.

Nominating a beneficiary on your pension consolidation account

Any binding death benefit nomination you set up will apply to your pension consolidation account for the life of that account before transferring over to your smartMonday PENSION account once that commences.

Any reversionary death benefit nomination will only apply to your smartMonday PENSION account once that commences. You may choose to provide a separate nomination for your pension consolidation account in this instance.

A non-binding nomination can be set up by completing a *Change member details and options* form available on our website at smartMonday.com.au/resources.aspx, or by calling us on **1300 880 588**.

See page 4 for more information on the different types of nominations.

Transfers out of the account

Your benefits in the pension consolidation account will be rolled over to invest in a smart PENSION once all of your rollovers/contributions totalling a minimum of \$20,000 have been received, within the 90 day limit.

At the end of the 90 days, if you haven't met the minimum requirements to invest in a smartMonday PENSION, your super benefits will be automatically transferred to:

- smartMonday DIRECT if your account balance is \$5,000 or more, or
- Aon Eligible Rollover Fund ('Aon ERF') if your account balance is less than \$5,000.

Transfers to smartMonday DIRECT

smartMonday DIRECT is our super fund offering a range of investment and insurance options. The PDS is available at smartMonday.com.au/resources.aspx and contains important information about the fund, including the different fees and costs that apply. You'll be able to apply for insurance, but cover will not be automatically provided to you on joining the fund.

Transfers to Aon ERF

If your benefit in the pension consolidation account is less than \$5,000 we will write to you at the end of 90 days to notify you that you have 30 days to:

- increase your account balance to a minimum of \$5,000
- begin making regular contributions to your account, or
- provide us with instructions on where to pay your benefit.

If you top up your account to \$5,000 or start making regular contributions, we will transfer you to smartMonday DIRECT after 30 days from the date of notification.

If you make a request to roll over your benefit or have it paid out (if it is non-preserved), we will process your request as soon as all requirements have been received.

If you don't respond we will transfer your benefit to the Aon ERF after 30 days from the date of notification. Your benefit will be invested in a defensive investment strategy. The PDS is available at erf.aon.com.au and contains important information including the investment strategy and the different fees and costs that apply.

Income payments and commutations

An account-based pension allows you to choose the amount of income you would like to receive each year, subject to your account balance and the limits set by the Government.

Income payments

Regular income payments are made from your account until your account balance falls below \$2,000. At that time a lump sum is paid to you if you are in a retirement pension or, if you are in a TRP, you can choose to roll your benefits back into super. If you die, the trustee will pay the remainder of your benefits in accordance with the instructions you provided in your death benefit nomination (see page 4) or in accordance with the obligations set out in the fund's trust deed.

Frequency of payments

You can choose to receive regular payments monthly, quarterly, half-yearly or yearly. For each payment, units in your account will be redeemed at the prevailing unit price (see the reference guide *Your investment options* for information on unit prices).

Payments can be made via direct credit into your bank account. Payments are made on the 15th of the month (or the following month if your application is received after the 10th of any month). Payments will be made at the selected frequency thereafter. Payments should be in your bank account by the 21st of the month. At the beginning of each financial year, we'll write to you asking you to elect your pension income payment amount for the year (see next page *Changing your income payments*).

Income payment amounts

The Government sets the minimum level of income that must be drawn from a pension. This will depend on your age and account balance (see the table below).

Minimums

You can work out your minimum payment amount by multiplying the balance you have when you open your pension account by the amount in the table below which is relevant to your age. Annual payments are always rounded to the nearest \$10.

If you start your pension part way through the financial year (on a date other than 1 July), the minimum is a pro rata amount calculated on the basis of the number of days left in the year to receive your income payments—see the example on the next page.

If you start your pension in June, no minimum payment applies for that month (in the first financial year you open your pension account).

Minimum annual income for 2017/18 financial year

Age	% of account balance
Under 65	4
65 to 74	5
75 to 79	6
80 to 84	7
85 to 89	9
90 to 94	11
95+	14

Maximums

No maximum annual income payment limits apply to a retirement pension.

If you have a TRP, there is a maximum annual income payment limit set by the Government of 10% of the account balance at the start of the financial year. (Please note that the minimums in the table above also apply to a TRP).

Example

Minimum annual income payment with a 1 July start date

If you open your pension account with \$150,000 on 1 July 2017 and you are under 65 years of age, calculate your minimum annual payment as follows:

$$\$150,000 \times 4\% = \$6,000 \text{ pa}$$

This would mean that the minimum pension income amount for the year would be \$6,000 and you must elect to take at least this amount in the financial year. If you take monthly payments of this amount, it would work out to \$500 per month (ie $\$6,000/12 = \500).

Minimum annual income payment with a start date other than 1 July

If you open your pension account with \$150,000 on, say, 1 January 2018 and you are under 65 years of age, you would calculate your minimum annual payment as follows:

$$\$150,000 \times 4\% = \$6,000 \text{ pa}$$

$$\$6,000 \times 181 \text{ days remaining} / 365 \text{ days} = \$2,980 \text{ pa}$$

(rounded to the nearest \$10)

This would mean that the minimum pension income amount for the remainder of the year would be \$2,980 and you must elect to take at least this amount in the financial year. If you take monthly payments of this amount it would work out to \$497 per month (ie $\$2,980/6 = \497).

Changing your income payments

We will send you a letter at the beginning of each financial year that includes your minimum annual income payment amount for the year. At this time you will be able to elect the payment amount you wish to receive for the financial year. This amount must be above the minimum, and for a TRP, must be below the maximum stipulated under the law.

You can change the amount and frequency of your payments (within the set limits) by completing a *Change member details and options* form at smartMonday.com.au/resources.aspx or by calling us on **1300 880 588**.

You can choose which investment options you'd like us to draw your income payments. We'll redeem units from these options when payments are due. If you don't make a selection, we will redeem units in proportion to the investment strategy you hold.

You can change your drawdown preference online or by sending us a *Change member details and options* form.

Commutations (withdrawals)

You can make lump sum commutations of all or part of your retirement pension account at any time, provided you have received the minimum income payment for the period. Under current laws, either the whole or a part of the retirement pension can be withdrawn as a lump sum. **A withdrawal fee of \$80 applies.**

If you invest in a TRP, there are restrictions on accessing any preserved and restricted non-preserved amounts. Your TRP will be converted to a retirement pension when you notify us that you've met a 'condition of release', including:

- > reaching preservation age and permanently retiring from the workforce—see table on page 1
- > leaving employment at or after age 60, or
- > reaching age 65 (converts automatically).

You will then be able to make lump sum withdrawals from your pension subject to the retirement pension rules.

You may be able to withdraw preserved and restricted non-preserved benefits before this if the super benefit is used to commence a second TRP or is invested back into your super. See your adviser or contact us for more information.

You can request a commutation by using a *Commutation or rollover request* form at smartMonday.com.au/resources.aspx or by calling us on **1300 880 588**. Commutation requests must be accompanied by proof of ID.

Balances under \$2,000

If your account balance falls below \$2,000 the remainder of your pension account will be paid out to you as a lump sum or, in the case of a TRP with preserved benefits, you may roll over your benefits back into super (subject to meeting the minimum requirements to open a smartMonday DIRECT account).

Tax and super

Tax on pensions can be complex and taxation laws can change from time to time. Talk to your financial adviser or visit ato.gov.au/super for the latest information. Another good source of information on super is the Australian Securities and Investments Commission (ASIC) website moneysmart.gov.au.

The tax information below is based on tax laws current at the time of writing.

Providing your tax file number (TFN)

Under the law, we must request your TFN if you are under 60. You are not obliged to provide your TFN but, if you don't, we may have to withhold tax from your income payments at the highest marginal tax rate.

Taxation of superannuation rollovers and lump sums

Roll overs

By rolling over your super lump sum into a smartMonday PENSION, you can defer or eliminate the payment of tax on the lump sum that would be payable if you 'cashed' it. See *Commutations*.

Untaxed lump sum payments or employment termination payments (ETPs)

Tax at the rate of 15% applies to certain portions of ETPs or super lump sum rollovers which have not been subject to tax and are used to invest in a pension.

Tax on investment earnings

Generally, no tax is paid on the investment earnings in a retirement pension.

Tax of up to 15% is paid on earnings in a TRP account and the pension consolidation account.

The 'transfer balance cap' - \$1.6 million

The Government places a limit of \$1.6 million on the amount of money that can be transferred into tax-free retirement phase of super. The earnings on any excess above the threshold must be taxed at the concessional superannuation rate of up to 15%. This is usually managed by opening an account in smartMonday DIRECT.

Income payments

Under 60

When you invest in a pension the tax-free and taxable components of your lump sum benefit will be proportioned to determine what part of your pension is to be treated as taxable income.

No tax is deducted from the tax-free portion of your pension payments. The taxable portion of your pension payments is fully assessable and is subject to tax at your marginal tax rate although a tax offset may apply (see below). Tax will be deducted from each payment in accordance with the pay as you go (PAYG) income tax rate and paid to the ATO.

You will receive a PAYG payment summary at the end of each financial year for you to include in your tax return.

60 and over

Generally, all pension payments are paid tax-free.

Tax offset

You may be entitled to a tax offset of up to 15% on the amount of each pension payment that is assessable for income tax purposes. This offset is generally only available for pension payments made after you reach 55 years of age or if your pension was set up using the proceeds of a death benefit.

Commutations

If you commute/withdraw a lump sum from your pension account, it will be taxed as a superannuation lump sum, unless you are age 60 or over in which case it will be tax-free.

Commutations will be proportioned between the tax-free and taxable components of your pension payments. The proportions that apply are calculated at the commencement of your pension.

Tax on death benefits

Tax on death benefits varies according to who receives the benefit and how it is paid. Lump sum death benefits are tax-free if paid to a spouse, a child under the age of 18, or any person financially dependent on you or in an interdependent relationship with you.

Lump sum death benefits paid to a non-dependant for tax purposes are taxed at 15% on the taxable component, plus Medicare or any other Government levy.

If a death benefit is paid to your legal personal representative (ie your estate), they will be responsible for withholding the appropriate level of tax for the final beneficiary.

The tax treatment of death benefits paid to a reversionary beneficiary as an income stream depends on the age of the member and their beneficiary spouse at the time of the death claim.

Goods and services tax (GST)

The fund is input-taxed for GST purposes. This means that no GST is payable by the fund on a contribution amount received from you.

WeCare

There are times in life when we all need some help to get by.

Our WeCare program can help you get through those difficult times. Call 1800 828 736.

WeCare makes a difference

WeCare offers smartMonday PENSION members and their family access to a range of services.

Someone to turn to

If you need someone to turn to, help is just a phone call away. WeCare's counsellors are always there to provide support and guidance with issues such as stress, depression, medical conditions, drug or alcohol abuse, grief and bereavement.

A helping hand at home

When your circumstances change, you may need a helping hand at home. Whether it's gardening, cleaning or childcare, you can be confident that the home care providers and tradespeople that WeCare sources are reputable and reliable.

On the move?

Moving house can be a major project with so many things to organise. If you need help looking for services in your new neighbourhood, give WeCare a call.

WeCare can find local childcare and schools, as well as disability and aged-care services.

Funeral assistance

Some practical support in the days following the loss of a loved one can make a huge difference when you're struggling to cope. If you need help organising a funeral, WeCare can help you select a funeral home, decide on the type and location of the funeral, and arrange the after-service function and catering.

Need some legal or tax advice?

If you have a legal or tax matter to sort out, don't rely on guesswork. You can access advice from WeCare's legal and tax professionals that can help you make informed decisions. Advice can include estate planning such as how to prepare your will or make a power of attorney, help with a legal issue, or assistance with your personal tax affairs.

WeCare 1800 828 736

There is no charge to smartMonday PENSION members for WeCare's phone counselling and advice services.



E. enquiries@smartMonday.com.au

P. 1300 880 588

F. 1300 267 582

W. smartMonday.com.au

It all adds up



smartMonday is the business name of the Aon Master Trust ABN 68 964 712 340 (the fund) which has been registered by Aon Hewitt Limited as sponsor of the fund. smartMonday PENSION is a part of the fund. This PDS has been prepared by Aon Hewitt Limited as sponsor and administrator of the fund. The trustee is Equity Trustees Superannuation Limited ABN 50 055 641 757 AFSL 229757 RSE Licence L0001458 and is the issuer of the PDS. References in this PDS to 'we', 'us', and 'our' are references to the trustee.

The information in this PDS is general information and doesn't take into account your personal financial situation or needs. Before making a decision about this product you should consider whether it suits your particular circumstances and, where appropriate, you may wish to seek financial advice specific to your needs.

An investment in smartMonday PENSION is neither a deposit nor a liability of Aon Hewitt Limited, Equity Trustees Superannuation Limited, nor any of their related entities and none of them guarantees your investment in the product.