Fact sheet

Defined Benefit Scheme

Deferred (vested) account

These Explanatory Notes provide a summary of your deferred (vested) account and should be read in conjunction with your benefit estimate or statement.

The following sections outline when a benefit may be payable to you, and your payment options. In the event of any inconsistency between this summary and the trust deed, the trust deed will prevail.

What is a deferred benefit?

A deferred benefit represents the component(s) of your former defined benefit account that has become deferred since the date you changed employers or ceased contributing to the Defined Benefit Scheme, and remains deferred until you become eligible to receive it.

A defined benefit is where you are ultimately paid a benefit using a pre-determined formula (set out in the fund's trust deed), usually linked to 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 account with us or another superannuation fund designed to receive superannuation guarantee contributions paid by your employer. These contributions are based on your ordinary time earnings.

The rules applicable to any accumulation account you have in the fund are different from your former defined benefit and current deferred accounts and are provided in the relevant product disclosure statement available at **aware.com.au/pds** or call us.

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.

How the Consumer Price Index works

Movements in the Consumer Price Index (CPI) are provided by the the number of days your lump sum is in your account, from the time that your defined benefit is transferred into the deferred account.

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, situations in which your benefit may be released include if you:

- reach your preservation age (refer to the table below) and have permanently retired
- apply for the release of your entitlements due to severe financial hardship or on compassionate grounds
- die, become permanently incapacitated or terminally ill.

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
After 30 June 1964	60

Payment conditions under the trust deed must also be satisfied. For more information about preservation rules and conditions of release, including a full list of release conditions, please read the factsheet *Access your super* at **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 (subject to the value of the account being adjusted in accordance with the trust deed) out of the Defined Benefit Scheme.

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 (as defined under the trust deed). If you have 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. The amount 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 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.

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).

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 make a decision about transferring your benefit.

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).

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.

Get in touch

Customer service centre

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