Member Booklet Supplement

How super works

The information in this document forms part of the Aware Super **Member Booklets** (Product Disclosure Statements) for:

- Employer Sponsored members dated 10 June 2021
- Police Blue Ribbon Super members dated 10 June 2021
- Ambulance Officers' Super members dated 10 June 2021
- Personal members dated 10 June 2021

10 June 2021

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How super works

Superannuation is a way to save for your retirement. The money comes from contributions made by your employer and, ideally, is topped up by your own money.

Sometimes the government will add to your super through co-contributions and the low income superannuation tax offset. Understanding how your super works and how you can make the most of it can go a long way towards making your retirement dreams a reality.

Aware Super is authorised for MySuper

- MySuper is for members who do not make a choice so that they have a low-cost, transparent and easy to compare super fund for their compulsory superannuation.
- Aware Super is authorised to offer MySuper, and the fund meets the MySuper standards for fees and costs, investments, insurance and member communication.

Your employer contributes to your super, and so can you

- Generally, your employer must contribute compulsory superannuation guarantee (SG) contributions to your account. These contributions will be invested in the MySuper Life Cycle strategy unless you choose your own investment option(s).
- You can ask your employer to pay an amount of your before-tax income directly to your super (salary sacrifice). Depending on your income and how much you contribute, this may be more tax effective than contributing from your after-tax income.
- You can contribute to your super from your after-tax income. Most members will be eligible to claim a tax deduction for these contributions, and members who do not claim a tax deduction may be eligible to receive the government co-contribution on top of these after-tax contributions (see page 3).
- Your spouse can contribute to your super from their after-tax income (or vice versa). The spouse making the contribution may be entitled to a tax offset for contributions made (see page 5).
- Your spouse can split contributions with you by transferring a portion of their before-tax contributions made in the previous financial year to your super. Similarly, you can split your contributions with your spouse.
- Any contributions you make must be preserved in super until you are permitted to withdraw your benefits when you satisfy a condition of release (see page 8).

What contributions can you make?

The types of contributions that can be made to your account depend on your age and your employment status (see the following pages for more information). **Table 1** shows the types of contributions permitted.

Table 1

Age	Before-tax contributions		After-tax contributions[1]	
	Compulsory employer contributions	Salary sacrifice, personal deductible[1] and non-compulsory employer contributions	By you	By your spouse[7]
Under 67	✓	✓	✓	✓
67-69	✓	✓[2]	✓[3]	✓[2]
70-74	✓	✓[2,4]	✓[5]	✓[2]
75 and over	✓	✗	✓[6]	✗

1 We can only accept these contributions if we have your tax file number.
2 These contributions can be made if you have met the 'work test', or qualify for the 'work test exemption' (see below for definitions).
3 These contributions can be made if you have met the 'work test', or qualify for the 'work test exemption' (see below for definitions), or are downsizer contributions.
4 These contributions must be received no later than 28 days after the end of the month in which you turn 75.
5 These contributions can be made if you have met the 'work test', or qualify for the 'work test exemption' (see below for definitions), or they are downsizer contributions. Except for downsizer contributions, they must be received no later than 28 days after the end of the month you turn 75.
6 Only downsizer contributions and mandated employer contributions may be accepted.
7 For your spouse to be eligible to claim a tax offset, you and your spouse are Australian residents when the contribution was made, your spouse must not be entitled to a tax deduction for the contributions at the time of making the contributions and must not live separately from you on a permanent basis. Your assessable income including reportable employer super contributions and reportable fringe benefits reduced by assessable first home super saver released amount for the financial year must also be less than $40,000. If you have exceeded the non-concessional contributions cap or have a total superannuation balance of greater than $1.6 million (indexed) on 30 June of the previous financial year, your spouse will not be eligible to claim a tax offset for contributions they make on your behalf. The tax offset will be gradually reduced for income at and above $37,000 and will completely phase out for income at and above $40,000.

'Work test': you have worked at least 40 hours in any consecutive 30-day period during the financial year.

'Work test exemption': if you are aged 67 to 74 with a total superannuation balance below $300,000 at the end of the financial year you met the work test, you may be able to make relevant contributions in the following financial year.

Before-tax (concessional) contributions

Before-tax contributions (also referred to as concessional contributions) include superannuation guarantee (SG), voluntary salary sacrifice, personal deductible contributions and other employer contributions above SG.

There is a cap (or limit) on the amount of concessional contributions that will be taxed at the 15% concessional rate. 'High income' earners (people with incomes (as defined) over $250,000 a year) will have an additional 15% tax imposed on their before-tax contributions that push their income over $250,000. The Australian Tax Office will assess your liability for the additional tax and, if applicable, issue you with an assessment notice. See *What are the limits on how much you can contribute?* on page 6.

Superannuation guarantee

For many people, superannuation is compulsory and generally employers are required by law to make contributions on behalf of employees earning $450 or more (before-tax) per month. Some awards and enterprise agreements have different requirements. This is known as the superannuation guarantee and the amount is currently 9.5% of ordinary time earnings (OTE). Currently, it is intended that the SG rate will gradually increase from 9.5% to 12% between 1 July 2021 and 1 July 2025, see the table below. OTE refers to earnings for ordinary hours of work. It includes over award payments, bonuses, commissions, shift allowances and paid leave, but generally does not include overtime payments.

Financial year period	SG rate
2021/22	10%
2022/23	10.5%
2023/24	11%
2024/25	11.5%
2025/26 and onwards	12%

There are some circumstances where an employer is not required to meet the minimum SG requirements, these include, if:

- you are under 18 and working less than 30 hours a week
- you earn less than $450 (before tax) a month
- in certain circumstances if you are working overseas
- in certain circumstances if you have moved to Australia from overseas.

In addition, if you earn more than $57,090[8] in a quarter an employer is not required to make SG contributions on amounts you earn in excess of that cap.

If you open a Personal account and an SG contribution is made by a participating employer for you, your membership will be changed to an Employer Sponsored membership.

8 This is the maximum limit for each quarter in the 2020/21 financial year. The maximum super contributions base is indexed each income year to Average Weekly Ordinary Time Earnings (AWOTE).

Voluntary salary sacrifice contributions

With the prior approval of your employer, you may have the option to make regular contributions on a before-tax or 'salary sacrifice' basis. Depending on your individual situation salary sacrificing into super may save you tax. This is because you do not pay personal income tax on the part of the salary that is going into super. Instead your contributions are taxed at a concessional rate which may be lower than your personal income tax rate. Check with your human resources or payroll area to confirm that salary sacrifice arrangements are available. There may also be limitations on the actual amount of salary you can sacrifice.

We do not charge any additional fees if you make salary sacrifice contributions. However, you may be charged an administration fee under your employer's arrangements. For more information, see our fact sheet *About salary sacrifice*.

To see if salary sacrifice is right for you, we recommend you speak with a financial adviser before choosing to contribute on a salary sacrifice basis.

Additional employer contributions

Depending on your award or contract of employment, your employer may contribute more than the mandatory SG contributions.

Personal deductible contributions

Most members aged between 18 and 75 can claim a full tax deduction on personal contributions they make to super.

Depending on your situation, making and claiming a tax deduction for personal contributions can save you tax. It may also have added benefits over salary sacrificing:

- you can control when contributions are made, and do not need to make them regularly over the year as a deduction to your salary
- your salary, for SG purposes, is not reduced, and your employer is not able to use this lower salary to calculate your SG contributions.

But, there are additional obligations involved in making personal contributions. Firstly, you will need to provide us with a *Notice of intent to claim or vary a deduction for personal super contributions* form (there are restrictions on when you can provide this form). Then, once you receive our acknowledgment, you will need to claim the tax deduction in your personal income tax return. See the *Member Booklet Supplement – Tax and super* for more information about how these contributions are taxed.

After-tax (non-concessional) contributions

You are also able to make after-tax contributions into your account. These are contributions made after income tax has been deducted from your pay. As these contributions have already been subject to tax (at your personal income tax rate) they are not taxed when received by the fund.

After-tax (non-concessional) contributions include:

- regular or one-off contributions made from your net pay
- contributions made to your account by your spouse
- any before-tax contributions that exceed the before-tax contributions cap, but will generally be reduced by any amount of the excess you choose to release from a super fund.

In order for us to be able to accept your after-tax contributions, you must provide your tax file number to the fund.

There are limits on how much you can contribute to your super each financial year without incurring additional tax. This is discussed on page 6 in *What are the limits on how much you can contribute?*

Downsizer contributions

You can contribute up to $300,000 ($600,000 for couples) to your superannuation from the proceeds of the sale of your main Australian residence if you're 65 years of age or older. You or your spouse must have owned your main residence for at least 10 years. This contribution is not subject to the contribution caps but it will count towards the transfer balance cap ($1.6 million for the 2020/21 financial year). You also don't need to worry about any work test requirements when you make the contribution.

A downsizer contribution will be counted for the assets and income test applied by Centrelink so it could affect your eligibility for the age pension. You should consider seeking advice from a financial adviser before you make a downsizer contribution.

You must make the contribution within 90 days of the change in ownership of your main residence, unless the Commissioner of Taxation allows a longer period.

If you decide to make a downsizer contribution, you should check the eligibility requirements and complete the *Downsizer contribution* form either before or at the time of making your contribution. You can find more information about the eligibility requirements and form on the Australian Taxation Office (ATO) website. Go to **ato.gov.au/individual**s and look for **Super housing measures**.

Government co-contribution

If your income is below certain limits and you make after-tax contributions to your super fund, you may be entitled to a government co-contribution. The co-contribution is a contribution by the government in respect of after-tax personal contributions paid to a super fund.

For the 2020/21 financial year the co-contribution is $0.50 for each $1.00 of after-tax contributions made for the financial year (up to a maximum co-contribution of $500) for incomes of up to $39,837 and the co-contribution scales down to nil at an upper threshold of $54,837.

The amount of the co-contribution you will receive depends on your income and the after-tax contribution you have made during the financial year. Government co-contributions do not count towards your contribution caps.

Who is eligible?

Eligibility for the government co-contribution is assessed at the end of a financial year. To be eligible you must satisfy **all** of the following:

- your total income[1] for the financial year is less than $54,837
- you earned at least 10% of your total income from paid employment, running a business or a combination of both
- you lodge an income tax return for the financial year (even if your taxable income is less than the tax-free threshold)
- you made an after-tax (non-concessional) contribution to your super during the financial year
- you are not a holder of temporary visa at any time during the financial year (unless you are a New Zealand citizen or the holder of a prescribed visa)
- you are aged less than 71 years old at the end of the financial year
- you have not exceeded your non-concessional contributions cap at the end of 30 June of the previous financial year for the financial year
- your total superannuation balance is less than the transfer balance cap at the end of 30 June of the previous financial year ($1.6 million for the 2020/21 financial year (indexed)). Your total superannuation balance is the total of:
  (i) your superannuation interests in the accumulation phase (including transition to retirement income streams);
  (ii) the adjusted balance for a transfer balance account (if applicable); and
  (iii) any rolled over superannuation benefits not reflected in (i) or (ii) above;

less any personal injury or structured settlement contributions.

[1] Income is the total of assessable income, reportable super contributions reduced by any excess concessional contributions and reportable fringe benefits reduced by an assessable first home super saver released amount. For the self-employed, and for the purpose of satisfying this requirement, total income is reduced by amounts for which an individual is entitled to a deduction for carrying on a business. These deductions do not include work-related employee deductions or deductions that are available to eligible individuals for their personal superannuation contributions. Total income is not reduced by business deductions in determining eligibility under the '10% rule'.

Note: While salary sacrifice contributions effectively reduce your **taxable** income, they do NOT reduce your income for the purpose of qualifying for the government co-contribution. For example, if your total income is $60,000 and you make salary sacrifice contributions of $10,000, your **taxable** income will fall to $50,000 but you will not qualify for the co-contribution because your income for co-contribution purposes remains at $60,000 (which is above the $54,837 upper threshold).

Use the contributions calculator on our website to see how the **co-contribution can help your super grow**

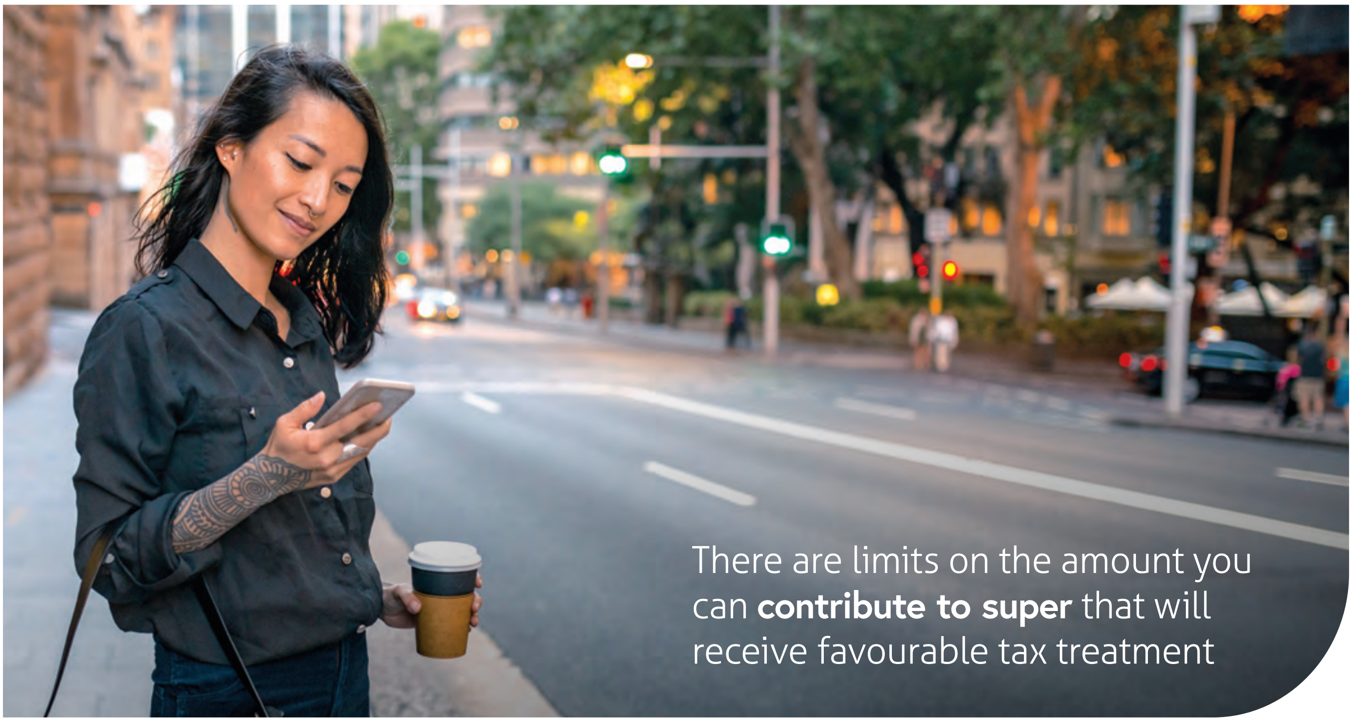
Table 2 shows the estimated amount of government co-contribution for various levels of personal after-tax contributions made in the 2020/21 financial year. Note that the co-contribution will phase out at the higher income threshold of $54,837.

Table 2

Examples	If your after-tax contribution is:			
	$1,000	**$800**	**$500**	**$200**
Your total income for 2020/21 is:	**Your estimated co-contribution from the Federal government will be:**			
$39,837 or less	$500	$400	$250	$100
$44,837	$333	$333	$250	$100
$49,837	$167	$167	$167	$100
$54,837	0	0	0	0

How and when is the payment made?

The ATO uses your tax return and other information about your contributions to determine if you are entitled to receive a co-contribution payment. Any co-contribution payment is sent directly to your superannuation fund by the ATO. The timing of this depends on when you lodge your tax return, and the ATO assessing your eligibility and processing the payment.



Low income superannuation tax offset

If you have an adjusted taxable income of up to $37,000 in a year, you may be entitled to receive the low income superannuation tax offset (LISTO), which is a refund of the tax paid on your concessional (before-tax) contributions for the year with a maximum amount payable of $500. The ATO will determine your eligibility for the LISTO and will generally make a payment of the LISTO to the fund in the year following the year in which the concessional super contributions were made, which will be applied to your superannuation account.

To be eligible for this offset, you must:

- provide your tax file number to us
- not be the holder of a temporary resident visa during the income year (note that New Zealand citizens in Australia are eligible for the payment)
- you lodge a tax return, and must earn at least 10% of your income from business or employment or if you don't lodge a tax return, you earn 10% or more of your income from employment.

Your spouse can boost your super

Your spouse can contribute to your super in two ways:

- Your spouse can make after-tax contributions to your super and they may be eligible for a tax offset in respect of these contributions (these are known as spouse contributions).
- At the end of the financial year, your spouse can apply to transfer a portion of their before-tax contributions made in the previous financial year to your account (this is known as contribution splitting).

The same rules apply to you if you wish to contribute to your spouse's super.

After-tax spouse contributions to your super

Your spouse can make after-tax contributions to your super and they may be eligible for a tax offset depending on the level of your income and whether you have exceeded the non-concessional contributions cap or have a total superannuation balance in excess of $1.6 million (indexed) as at the end of the previous financial year.

To receive contributions into your account, you must be either:

- under age 67; or
- over age 67 but under age 75, and must have satisfied the 'work test' by being gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contributions are made.

Any contributions your spouse makes to your account will count towards your non-concessional contribution limit (not the limit of your spouse).

You can also make contributions to your spouse's account. If your spouse is not already a member of the fund and you wish to make after-tax contributions to an account for your spouse in Aware Super, they can join online at **aware.com.au** or by completing the application form in the *Member Booklet* for personal members[1]. Once your spouse's Aware Super account is set up, they can also make contributions to this account, including rollovers from other superannuation funds.

Contribution splitting with your spouse

Each financial year, your spouse may be able to transfer (or 'split') a portion of their before-tax contributions made in the previous financial year to your account.

Your spouse may be able to apply to transfer up to the lesser of:

- 85% of the before-tax contributions made to their super in the financial year; or
- their before-tax contributions limit for the financial year.

Your spouse will not be able to split their contributions with you if you are:

- aged 65 or more; or
- have reached your preservation age and retired from the workforce.

Only one application to transfer contributions can be made in a financial year, and the application is irrevocable.

Your spouse must apply directly to their super fund. Not all super funds allow contribution splitting.

You can also apply to transfer a portion of your before-tax contributions made in the previous year to your spouse's account. You can request that the split amount be sent to your spouse's account in Aware Super, or to another superannuation fund in which your spouse is a member.

Spouse contribution splitting is not available for amounts rolled in or amounts previously transferred under a spouse contribution splitting arrangement. Also, spouse contribution splitting is not available if the account is subject to a payment split or payment flag under a family law agreement or court order.

If you wish to split your contributions with your spouse:

- complete the *Application to split superannuation contributions* form available on our website at **aware.com.au/forms** or by contacting us[1]
- if your spouse is not already a member of Aware Super, and you wish the split amount to be transferred to an account for your spouse in Aware Super, your spouse can open an account with Aware Super.

Contribution splitting may not suit all members so you may wish to seek advice from a financial adviser about your personal circumstances.

[1] You can find a copy of the *Member Booklet* on our website at **aware.com.au/pds** or by contacting us on **1300 650 873**. The *Member Booklet* is issued by Aware Super Pty Ltd (ABN 11 118 202 672, AFSL 293340). You should consider all the information contained in the *Member Booklet* before making a decision relating to the fund.

Who is a 'spouse' for superannuation purposes?

For the purposes of splitting contributions and claiming a tax offset for after-tax spouse contributions 'spouse' means:

- a person who is legally married to you; or
- a person (whether of the same sex or different sex) with whom you are in a relationship that is registered on a relationship register of a state or territory; or
- a de facto spouse (whether of the same sex or different sex).

What are the limits on how much you can contribute?

The government limits the amount of contributions that can be made to your super. These limits are called contribution limits or caps. The contribution caps apply to contributions that are made to any super fund – regardless of how many superannuation accounts you have.

Importantly, we do not monitor the contributions received against the caps. If you exceed the limits you will potentially pay large amounts of additional tax.

How much can you contribute before paying additional tax?

Before tax (concessional) limits

For financial year 2020/21, the concessional contributions limit is $25,000. This is an annual cap per person across all super funds. You may be able to carry forward and utilise your unused concessional contribution cap amount for up to five years, provided your total super balance is less than $500,000 on 30 June of the previous financial year.

Before-tax contributions in excess of the limit will incur additional tax and will also count towards your after-tax contributions limit, but will generally be reduced by any amount of the excess you choose to release from a super fund. You are taxed on the contributions above this cap at your marginal tax rate plus an interest charge. You receive a tax offset equal to 15% of the excess for the contributions tax already paid by the fund.

You can also elect to withdraw up to 85% of any excess concessional contributions made during the financial year from your super fund.

Additional tax may also be payable if you have not provided your tax file number or if your combined income and contributions are greater than $250,000 in the 2020/21 financial year.

After-tax (non-concessional) limits

The non-concessional contributions cap is $100,000 for the financial year 2020/21. However, your cap will be nil if your total super balance (across all funds) at 30 June of the previous financial year is equal to or greater than the transfer balance cap ($1.6 million for the 2020/21 financial year). The non-concessional contributions limit is set at four times the concessional contributions limit for that financial year. Downsizer contributions, personal injury payment contributions and CGT exempt contributions are not assessed against this cap.

If you are under age 65, you may be able to bring forward, for up to a three-year period, an amount of up to three times the non-concessional cap amount. Your total amount that you can bring forward and the length of the brought forward period depends on your total superannuation balance at the end of 30 June of the previous financial year. The bring forward provision automatically starts from the first year that you contribute more than that year's non-concessional contributions cap. Individuals with a total super balance (across all funds) of more than the transfer balance cap ($1.6 million for the 2020/21 financial year) at the end of 30 June of the previous financial year will have their remaining non-concessional cap under the bring forward arrangements reduced to nil. Once you trigger the bring-forward arrangement in a year, any change to the non-concessional contributions cap for the bring-forward period doesn't apply to you. The bring-forward cap amount is set based on the cap in the first year of the period.

If you exceed the cap, you will be notified by the ATO. If you do not elect for the excess and the related earnings to be refunded, additional tax will be applied. Excess contributions are taxed at the top marginal tax rate plus Medicare levy. If you elect to refund the excess and the related earnings, you will be taxed on the earnings at your marginal tax rate. You will be entitled to a non-refundable tax offset equal to 15% of the earnings.

These caps apply per person across all super funds that you may have.

For more information about the rates of tax payable if you exceed the limits, read the *Member Booklet Supplement: Tax and super.*

Investment options and unit prices

Where can you find the unit price for your investment option(s)?

You can view the current and historical unit prices for the fund's diversified and single asset class investment options on the unit prices page on our website at **aware.com.au/unitprices**. See the *Member Booklet Supplement: Investments* for information about how the unit price is calculated.

Why are there different unit prices for retirement income stream investment options?

The accumulation and transition to retirement income stream plan pays tax on its investment earnings but the retirement income stream plan doesn't. So even though both sets of unit prices are based on the same underlying investments, the different tax treatment means that the unit prices for the same investment option in the accumulation and transition to retirement income stream plan, and retirement income stream plan, will always be different.

Amounts added to your account

Transactions that increase the number of units you hold in your investment option(s) include:

- all of your superannuation contributions
- super transferred into your account from another super fund
- any insurance benefit payment (other than income protection benefits) where you elect to retain it in your superannuation account
- government co-contributions made to your account
- low income superannuation tax offset.

The number of units for the diversified and single asset class options is calculated by dividing the amount added to your account by the unit price applicable on the day of allocation. A separate calculation applies to any associated tax.

Amounts deducted from your account

Transactions that decrease the number of units you hold in your investment option(s) include:

- a provision for tax of 15% deducted from all before-tax contributions made to your account
- insurance premiums (if applicable) deducted each month
- fees
- amounts payable for additional tax if you have not provided your tax file number
- an amount payable to the ATO on your behalf as a refund of excess contributions (if you instruct the ATO to have this amount refunded and the ATO provides us with a valid release authority), or to pay additional tax paid by high income earners
- any benefits paid or amounts transferred out of the fund, including payments arising from contribution splitting with your spouse or payments subject to a family law arrangement.

The number of units for the diversified and single asset class options is calculated by dividing the amount deducted by the unit price applicable on the day of deduction. If your super is invested in more than one investment option, amounts deducted from your account are applied in proportion across your investment options. A separate calculation applies to any associated tax or tax benefit.

Contributions

Contributions will usually be processed and units usually allocated within three business days of the fund receiving both the money and the necessary information to allocate the contribution to your account.

If contribution details are not received with your money, or if insufficient or inaccurate information is provided, your money will usually be allocated within three business days of the fund receiving the necessary information. No interest or earnings are allocated in respect of the period before the contribution is allocated to your account.

Changing investment options

If we receive a valid online or paper request from you to switch the investment option(s) for your current account balance before 4 pm (AEST/AEDT) on a business day[1], we will normally process it using the unit price(s) that apply for that business day[1] when it becomes available. You can cancel a switch request online before 4 pm (AEST/AEDT) on the day the switch request is made.

If we receive your request to change the investment allocation for future contributions before 4 pm on a business day[1] (AEST/AEDT), the change will be effective on the next business day[1]. Where a contribution is attached, the nomination takes effect immediately.

[1] A business day is all weekdays excluding the following public holidays: New Year's Day, Australia Day, Good Friday, Easter Monday, ANZAC Day (when it falls on a weekday), Queen's Birthday (in June), Christmas Day and Boxing Day.

How can you see what is happening with your superannuation?

You can register for online access and login to see your current balance and number of units. You can also view your transaction history. Your annual statement shows your current balance and the final unit price at which your balance was calculated. If you have more than one investment option, you will see all the options you have chosen, the units you hold, the unit price and the total value of your superannuation balance.

Your full statement also lists the opening balance of your super account and shows all contributions, insurance premiums, fees and taxes applied during the year or for the time your super account was open.

Combine your super

If you have super with multiple funds, you may be paying more fees than you need to. And if you haven't been in contact with your old funds for a while you may even have lost super registered with the ATO. You can search for your lost super and combine your accounts with our online super **search and combine** tool. You'll avoid paying unnecessary administration fees, receive less paperwork and have greater control over your super in just a few easy steps. To combine your super, visit **aware.com.au/combine** or call us on **1300 650 873**.

Before withdrawing from another fund, check whether you will lose or be able to get the equivalent type of insurance cover with us. You should also consider informing your employer where you would like future employer contributions to be paid.

Accessing your super

The purpose of superannuation is to help you prepare for a financially comfortable retirement. For this reason, there are rules that restrict access to your super until you meet certain conditions.

Generally, you will not be able to access your super until you reach your preservation age and retire, or reach age 65.

Preservation age

Table 4 shows dates of birth and corresponding preservation ages.

Table 4

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

Meeting a condition of release

Once you reach your preservation age, you can access your super if you permanently retire. This is one of the conditions of release. You can only access your super if you satisfy a condition of release. The most common conditions of release are shown in **Table 5**.

Table 5

Age	Conditions that allow you to access your super
Any age	• You suffer permanent incapacity[1]; or • You have a terminal medical condition[2].
Your preservation age or older[3]	• You permanently retire (in which case you can access the whole of your super); or • You continue to work but wish to draw a transition to retirement income stream from your super fund and you are under age 65 (in which case there are limits on the amount that you can access each year).
60 or older[3]	• You cease employment with an employer (although you may continue to work in another employment arrangement).
65 or older[3]	• You can access your super at any time.

[1] Permanent incapacity means ill health (whether physical or mental), where we are reasonably satisfied that you are unlikely, because of the ill health, to engage in gainful employment for which you are reasonably qualified by education, training or experience.

[2] To meet this condition of release, you must be diagnosed with a terminal illness and provide us with certification from two medical practitioners (at least one of whom is a specialist in your illness) stating you are suffering an illness or have an injury which, in the normal course, would result in death in a period of not more than 24 months from the date of certification.

[3] These conditions of release do not apply to temporary residents.

In other limited circumstances, you may be able to access a limited portion of your benefit, however strict conditions apply. You will need to obtain an application form from us to apply to receive your super on the basis of one of the conditions listed below:

Temporary incapacity	If you are temporarily incapacitated and have income protection insurance through the fund, you cannot access the main portion of your super however you will have access to any insurance benefit payment paid by the insurer as a result of your temporary incapacity. You cannot access any superannuation contributions which are part of this benefit.
Compassionate grounds[4]	You can apply directly to the ATO to receive a limited amount of your super on specified compassionate grounds. There are strict conditions around the release of benefits and you can see these on our website or contact the ATO directly. In summary, however, you may be able to receive a part of your super to meet expenses associated with: • medical treatment or transport for you or a dependant (if it is not readily available through public health and is not covered by any applicable health insurance and/or workers compensation) • modifications to a principal place of residence or a vehicle, which are required due to the severe disability of you or a dependant • to prevent foreclosure of a mortgage or the exercise of a power of sale (for your principal place of residence only) • palliative care for you or a dependant for a terminal medical condition • the funeral, cremation, burial or other expenses of a dependant. **Note**: the Federal Government has announced a temporary early release of super on a new compassionate ground under the *Coronavirus Economic Response Package Omnibus Act 2020*. If you qualify, you may access up to $10,000 of your super tax-free in each of the 2019-20 and 2020-21 financial years. If you seek early release of your superannuation under this new compassionate ground, you will need to apply directly to the Australian Taxation Office (ATO). More information can be found on the ATO website. See our fact sheet *Access to super on compassionate grounds* for more information.
Severe financial hardship[4]	If we are satisfied that you meet the eligibility requirements for severe financial hardship and have been a member of the fund for a minimum consecutive period of 6 months, you may receive a limited amount of your super to meet specified expenses. See our fact sheet *Access to super due to severe financial hardship* for more information.
Temporary resident leaving Australia	If you are an eligible temporary resident and have departed Australia (limited to certain visa categories and not available to New Zealand citizens), you can access your super.
Former resident of Australia on permanent emigration to New Zealand	A former resident of Australia can choose to transfer their benefits to New Zealand to a nominated KiwiSaver Scheme. We must be satisfied that the member has emigrated permanently and proof of residence in New Zealand will be required. Benefits will continue to be preserved in the KiwiSaver Scheme until the member meets a condition of release under New Zealand law.
Ceasing employment with a standard employer sponsor[4]	If you cease employment with a participating employer and your preserved benefit at that time is less than $200, you can receive this benefit in cash.
Lost member[4]	If you were previously classified as a lost member and you are found and the value of your benefit in the fund is less than $200 at the time of release, you can receive your benefit in cash.

[4] Generally, these conditions of release do not apply to temporary residents except in the case of COVID-19 related compassionate grounds.

First Home Super Saver Scheme

Under the First Home Super Saver Scheme, you can apply to the ATO for the release of voluntary contributions (made from 1 July 2017) up to a maximum of $15,000 from any one financial year and $30,000 in total across all years along with associated earnings, to buy your first home. The withdrawal can be made from your voluntary concessional (before-tax) or non-concessional (after-tax) contributions. These voluntary contributions will be subject to contribution caps. See *What are the limits on how much you can* **contribute** on page 6.

You can apply online or using a form available on the ATO's website, and the ATO will tell you the maximum amount you can withdraw. Your contributions will earn a 'deemed' rate of interest equal to the 'shortfall interest charge', which is calculated by the ATO. Withdrawals will be taxed at your marginal tax rate less a 30% rebate. The ATO will arrange the release and payment from your super fund, and they will withhold an estimate of the tax on the withdrawal amount.

You must buy 'residential premises' with your savings. This includes vacant land (if you're planning to build within 12 months), but not property that can't be occupied as a residence, and not houseboats or motor homes. It must become your home, not an investment property, and you must occupy it for at least six months in the 12 months after you purchase (or construct).

You can also find more information by reading our fact sheet *Understanding the First Home Super Saver Scheme* or on the ATO's website. If you have previously owned a property, but lost it as a result of financial hardship, you may still be eligible to apply.

Non-preserved components of your super

Your account may include a non-preserved component. If your account contains a non-preserved component, your annual statement will show what portion of your super is non-preserved, and whether it is restricted or unrestricted. Alternatively, you can call us for this information.

You will be able to access a non-preserved component of your super in the following circumstances:

- If you have an unrestricted non-preserved component, you can access this portion of your super at any time.
- If you have a restricted non-preserved component, you can access this portion of your super if you have ceased employment with the employer who made contributions to the fund on your behalf (you do not have to meet another condition of release).

You can access your super as an income stream

Once you reach your preservation age, you may be able to access your super through an income stream, even if you are still working. Income streams are flexible investments that provide regular income.

Before making a decision about acquiring a Aware Super income stream you should read the Aware Super *Member Booklet – Retirement Income Stream* and *Member Booklet – Transition to Retirement Income Stream* (Product Disclosure Statements) available on our website at **aware.com.au/pds** or by contacting us.

Minimum account balance

If you decide to access or roll over only part of your super, we require at least $1,500 to remain in your account after the part payment is made.

Death benefit income streams

If your death benefit is paid as a death benefit income stream to a dependant, the income stream will generally be tax free if either:

- you are aged 60 or older at the time of death; or
- the beneficiary is aged 60 or over (at the time the income stream payments are made).

Otherwise, the beneficiary, who is a dependant, will generally pay tax as follows until they reach age 60 (after which the payments will be tax free):

- no tax will be payable on the tax-free component
- the taxable component will be included in the beneficiary's assessable income, but they will be entitled to a 15% tax offset.

If your death benefit is paid as an income stream on your death, the amount your beneficiary receives will count towards their $1.6 million (indexed) cap (with special rules applying to child recipients).

Tax file number (TFN) and death benefits

The fund must withhold tax from death benefits at the highest marginal tax rate (plus Medicare levy) if a non-dependant beneficiary's TFN is not provided to the fund.

For information on death benefit nominations see the *Member Booklet Supplement: Nominating beneficiaries.* For information about tax payable on death benefits, see the *Member Booklet Supplement: Tax and super.*

Once you reach your preservation age, you may be able to access your super through an income stream, even if you are still working.

Contact us

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Web aware.com.au
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