

# Guaranteed Income Product Disclosure Statement

Guaranteed Lifetime Income

Guaranteed Fixed Term Income

*peace of mind  
with an income  
you can count on*



helping you achieve  
your retirement goals

# Contents

Welcome to CareSuper	1
Introducing our Guaranteed Income product	2
Benefits and risks of the Guaranteed Income product	4
Investing in the Guaranteed Income product	6
About the Guaranteed Lifetime Income account option	8
About the Guaranteed Fixed Term Income account option	10
Opening a Guaranteed Income account	11
Managing your Guaranteed Income account	13
How your money is invested	16
Choosing a beneficiary	17
Payment of death benefits	19
Fees and other costs	20
Tax and other facts	23
Other things you should know	24
Explanation of commonly used terms	26
<b>Appendices</b>	
Maximum withdrawal periods: Guaranteed Lifetime Income	27
Voluntary withdrawal value illustration: Guaranteed Lifetime Income – 65-year-old female	28
Voluntary withdrawal value illustration: Guaranteed Lifetime Income – 65-year-old male	29
Voluntary withdrawal value illustration: Guaranteed Fixed Term Income – 5-year term	30
Voluntary withdrawal value illustration: Guaranteed Fixed Term Income – 20-year term	31
Keeping in touch is easy	32

Issued on 1 July 2017

CARE Super Pty Ltd (Trustee) ABN 91 006 670 060  
AFSL 235226

CARE Super (Fund) ABN 98 172 275 725

The information contained in this PDS is correct at the date of issue, 1 July 2017. Any non-materially adverse changes to the information in this PDS may be updated on CareSuper's website. A copy of any updated information can be obtained on request free of charge on the CareSuper website or by calling the CareSuper PensionLine on 1300 664 781.



## About the Guaranteed Income Product Disclosure Statement (PDS)

This PDS was issued on 1 July 2017 by CARE Super Pty Ltd (the Trustee). It sets out the main features, costs, benefits and risks of investing in a Guaranteed Income product with CARE Super (CareSuper or the Fund). The Guaranteed Lifetime Income and Guaranteed Fixed Term Income account options are collectively referred to in this PDS as the Guaranteed Income product. You should read this PDS before you make a decision to open a CareSuper Guaranteed Income account.

The CareSuper Guaranteed Income product is offered by the Trustee.

In the event of any inconsistency between the terms of the PDS and the governing rules of the CareSuper Guaranteed Income product, including the CareSuper Trust Deed, the governing rules of the CareSuper Guaranteed Income product will prevail.

## Managing CareSuper

The Trustee is responsible for ensuring CareSuper is managed in the best interests of all members. The Trustee also appoints various organisations to assist it with running the Fund.

CareSuper's Trust Deed governs the operation of the Fund. From time to time this may need to be amended and members will be notified of any significant changes.

You can view the Trust Deed at our website [caresuper.com.au/trustdeed](http://caresuper.com.au/trustdeed) or you can request a copy through any CareSuper office.

## Getting advice

The information contained in this PDS is of a general nature and has been prepared without taking into consideration your particular financial situation or needs.

Before acting on the information in this PDS you will need to seek the advice of a licensed financial planner.

Read page 2 of this PDS or visit [caresuper.com.au/pensionadvice](http://caresuper.com.au/pensionadvice) to find out how to get in touch with a financial planner.

## About Challenger

Backed by

**challenger** 

The money you invest in this Guaranteed Income product is invested in a life policy (Policy) issued to the Trustee by Challenger Life Company Limited (ABN 44 072 486 938 AFSL 234670) (Challenger Life), a life insurance company within the Challenger group of companies. The benefits provided by the Guaranteed Income product are supported by the Policy issued by Challenger Life, and not the Trustee. The Trustee will only pay members their income payments to the extent that the Trustee receives payment from Challenger Life.

The Trustee, as issuer of the Guaranteed Income product, does not provide any guarantees in respect of the product and relies wholly on Challenger Life to fund your entitlements from the product.

Challenger Life's ultimate parent is Challenger Limited (ABN 85 106 842 371). Neither Challenger Limited nor any other company within the Challenger group of companies guarantees the performance of Challenger Life's obligations or assumes any liability in connection with the Policy.

For more information on how your money is invested with Challenger Life, refer to page 16.

# Welcome to CareSuper

At CareSuper, we like to think of retirement as a new beginning: a time for choosing how you want to spend your future years.

That's why we offer a range of retirement products, so you have plenty of choice when it comes to funding your lifestyle.

With the help of your financial planner, now is the time to explore how you can turn your super savings into a flexible and reliable source of income.

## About us

CareSuper is an industry super fund specialising in super for people in professional, managerial, administrative and service occupations.

Since 1986, we have been helping our members make the most of their super and save for retirement.

Currently, CareSuper has:

- Over \$12 billion in funds under management
- Over 247,000 members Australia-wide
- Over 69,000 employers making contributions to our Fund.

## Why choose CareSuper?

### We're an award-winning fund

CareSuper is proud to have received a number of awards from independent agencies. This consistent recognition shows our commitment to providing highly competitive products and services to our members.

### We offer more for our members

CareSuper offers our members superior service and many extra benefits, including online access to your account, financial planning seminars and home loans and banking through our relationship with ME.\*

### We offer a range of flexible retirement options

Different people have different needs. That's why we offer you a range of retirement options, including:

- CareSuper Pension
- CareSuper Transition to Retirement Pension
- CareSuper Guaranteed Income product.

This PDS has information about CareSuper's Guaranteed Income product. For information about the CareSuper Pension and Transition to Retirement Pension, read the **CareSuper Pension Guide** available from our website or by calling the CareSuper PensionLine on **1300 664 781**.



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## Did you know?

You may be eligible to open a combination of CareSuper retirement accounts.

Explore your options with a financial planner today.

\* ME is Members Equity Bank Limited ABN 56 070 887 679.



# Introducing our Guaranteed Income product

## Enjoy your retirement with the peace of mind of a secure, regular income.

With a Guaranteed Income account, you invest your super savings and receive regular, guaranteed payments over your lifetime or a set period of time regardless of market conditions. These types of accounts can be referred to as 'non-account-based pensions'.

Our Guaranteed Income account options are:

### 1 **Guaranteed Lifetime Income**

You receive regular payments for your lifetime, or your lifetime and the lifetime of your spouse.

### 2 **Guaranteed Fixed Term Income**

You receive regular payments during an investment term between 1 and 40 years. You can also choose to have between 0% and 100% of your initial capital returned to you at the end of the term. This is known as the residual capital value (RCV).

When you invest in a Guaranteed Income account, your money is invested in a life policy issued by Challenger Life Company Limited, which is supervised by the Australian Prudential Regulation Authority (APRA).

## Get advice before you get started

Before you decide to open a Guaranteed Income account, you will need to meet with a financial planner. Your financial planner can help you decide whether the CareSuper Guaranteed Income product is right for you. They can also help you choose the right account for your needs, talk through the options available and provide you with a quote of the regular payments you can expect to receive. Read the 'Opening a Guaranteed Income account' section on page 11.

CareSuper members have access to qualified financial planners\*. To arrange to speak with a financial planner, visit [caresuper.com.au/pensionadvice](https://caresuper.com.au/pensionadvice) or call the CareSuper PensionLine on 1300 664 781. We're available Monday to Friday between 8am and 6pm (AEST).

\* Financial planning is offered through CareSuper's relationship with Industry Fund Services Limited (IFS), and is provided by an authorisation under the Australian financial services licence of IFS, ABN 54 007 016 195, AFSL 232514.

## Features at a glance

What type of product is it?

Who is eligible to start an account?

What is the minimum investment amount?

What is the maximum investment amount?

How long will a Guaranteed Income account last?

How Guaranteed Income accounts work

Can I have my regular payments indexed by CPI?

Can I have my regular payments partially indexed by CPI?

How often can I choose to receive payments?

When will I receive payments?

Can I make a full withdrawal from my account?

Can I make partial withdrawals from my account?

Can I add extra to my account?

Will my capital be repaid to me?

Is my Guaranteed Income account assessed under Centrelink's assets test and income test?

Can I nominate a reversionary beneficiary to continue receiving income payments if I die?

Can I make a binding or non-binding death benefit nomination?

Is there a death benefit payable?

Can my eligible dependant/s receive an anti-detriment payment?



Guaranteed Lifetime Income account		Guaranteed Fixed Term Income account	
	Non-account-based pension		Non-account-based pension
	You will need to be aged 60 or over and have access to an unrestricted non-preserved super benefit of at least \$10,000. Read more on page 6		You will need to be aged 60 or over and have access to an unrestricted non-preserved super benefit of at least \$10,000. Read more on page 6
	\$10,000		\$10,000
	\$1.6 million		\$1.6 million
	Your lifetime or the combined lifetimes of you and your nominated reversionary beneficiary. Read more on page 8		You can choose an investment term between 1 and 40 years. Read more on page 10
	Yes*		Yes*
	Yes*		No, but you can choose other indexing options
	You can choose to be paid monthly, quarterly, half-yearly or yearly		You can choose to be paid monthly, quarterly, half-yearly or yearly
	Your payments are made at the end of your chosen payment period. Read more on page 7		Your payments are made at the end of your chosen payment period. Read more on page 7
	Yes, within the nominated withdrawal period		Yes, until the end of your investment term
	No		No
	Once your account is open you cannot make contributions to it		Once your account is open you cannot make contributions to it
	Your capital is repaid to you over the investment term as part of your regular payments		You can choose to have all of your capital repaid to you at the end of the investment term. Or you can choose to have some or all of your capital repaid to you (as part of your regular payments) throughout the investment term
	Yes. Read more on page 24		Yes. Read more on page 24
	Yes, but you can only nominate your spouse		Yes, but you can only nominate your spouse
	Yes		Yes
	Yes, payable within the selected withdrawal period		Yes, payable for the term of the account
	Yes		Yes

\* There are some circumstances where you may not be able to select the CPI indexation option in order to meet the minimum payment requirement.

# Benefits and risks of the Guaranteed Income product



A Guaranteed Income account could have significant benefits for you in retirement, but it's important to get a full picture by understanding the risks involved. Your financial planner will help you weigh up your options and make decisions based on your circumstances.

## The benefits

Some of the benefits of the CareSuper Guaranteed Income product are:

### A certain, regular income

You have the certainty of knowing how much your income payments will be over an agreed period of time, regardless of market conditions. This can help you budget your money more easily.

You can also choose to have regular payments paid to your spouse, known as your 'reversionary beneficiary', if you die before them. Your reversionary beneficiary can continue to receive payments:

- Until the end of the fixed term, if you have a Guaranteed Fixed Term Income account, or
- For their lifetime, if you have a Guaranteed Lifetime Income account.

The amount of your regular payments is determined at the time you open a Guaranteed Income account. How much you receive will depend on your initial capital investment, the account options you choose, prevailing interest rates and, if starting a Guaranteed Lifetime Income account, your life expectancy (and the life expectancy of any reversionary beneficiary). The dollar value of your regular payments can change over time if you choose an indexation option or, if you are starting a Guaranteed Lifetime Income account, a benefit reduction option (see page 8).

### Protection from market risk and inflation

Guaranteed Income accounts can provide the comfort of knowing you will receive regular payments for your chosen fixed term or your lifetime, regardless of how investment markets perform. You don't bear any market risk in relation to how your capital is invested. Challenger Life bears the market risk as it guarantees your regular payments, regardless of how investment markets perform. Read the 'How your money is invested' section on page 16.

If you index your payments, your Guaranteed Income account can also help protect you from the effects of inflation by helping to maintain the purchasing power of your regular payments.

### Income to last your lifetime

Living longer is a good thing, but could mean you outlive your retirement savings. With a Guaranteed Lifetime Income account, you get a regular income that lasts for your lifetime and if you've chosen the reversionary option, the lifetime of your reversionary beneficiary.



## The risks

All investments carry some risk. The appropriate level of risk for you will depend on factors such as your age, financial goals, investment timeframe, your other assets and your tolerance for risk. Below are the key risks that you should take into account when deciding whether to open a Guaranteed Income account.

### Withdrawal risk

This is the risk that if your account is withdrawn (voluntarily or on death), the amount paid is likely to be less than your initial investment even after taking into account payments you have already received or what you might have received had you continued to hold your account until the end of the fixed term or for your lifetime.

The withdrawal value will vary over time as the amount payable depends on how long you've held the account and the prevailing interest rates at that time.

A Guaranteed Lifetime Income account ceases to have a withdrawal value after the end of the withdrawal period.

Read pages 14–15 for more information on withdrawing from a Guaranteed Income account.

### Counterparty risk

This is the risk that Challenger Life, the issuer of the life policy in which CareSuper Guaranteed Income accounts are invested, becomes unable to meet its commitment to CareSuper in making the guaranteed payments in respect of Guaranteed Income accounts.

Challenger is regulated under the *Life Insurance Act 1995* (Cth) (Life Insurance Act) (which governs the provision of life policies in Australia) and the prudential standards made under it, which prescribe minimum capital and solvency requirements, for Challenger as well as for the life policies it writes.

The Australian Prudential Regulation Authority (APRA) actively supervises Challenger Life's compliance with these requirements which are designed to ensure that Challenger Life is able to meet its obligations to investors, including CareSuper. For example, Challenger is required to hold enough capital to withstand a 1 in 200-year shock event.

Even so, unforeseen and extreme circumstances that might impact Challenger's ability to make payments to CareSuper can never be completely ruled out.

CareSuper, as issuer of the Guaranteed Income product, does not provide any guarantee in respect of the product. The guarantee is provided by Challenger Life under the life policy issued to the Trustee. CareSuper relies wholly on Challenger Life to fund your entitlements from the accounts and will not pay your entitlements under a Guaranteed Income account if Challenger Life is unable to fund these entitlements.

For more information, see 'How your money is invested' section on page 16.

### Inflation risk

This is the risk that the real value of your regular payments may reduce over time as a result of inflation.

To help manage this risk, we offer a number of indexation options. Choosing an indexation option will generally reduce the amount of your initial regular payments, but means your payment amount will increase during times of high inflation. For more information on indexation, refer to pages 8–10.

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*you can convert your super savings or existing pension into a regular, guaranteed income*

## Investing in the Guaranteed Income product

The CareSuper Guaranteed Income product lets you convert your super savings into a regular, guaranteed income. This can give you greater certainty and comfort in retirement, knowing your payments will last you a lifetime or the fixed term you choose.

### Who is eligible to join?

To open a CareSuper Guaranteed Income account, you need to:

- Be age 60 or over, and
- Have at least \$10,000 in unrestricted non-preserved super benefits.

Call the CareSuper PensionLine on **1300 664 781** for more information.

### What does 'unrestricted non-preserved' or 'preserved' money mean?

Money in super is classified in different ways. These classifications determine when and how you can access your money. If you are retiring or leaving work on or after age 60, your super will become classified as unrestricted non-preserved.

#### Unrestricted non-preserved

Unrestricted non-preserved super can be accessed without age restrictions and without a change in employment status. Generally, your money will become unrestricted non-preserved when you satisfy one of the following conditions of release:

- You have reached age 60 and have since ceased employment with an employer
- You are permanently incapacitated, or
- You have reached age 65.

#### Restricted non-preserved

These benefits are typically tied to employment-related contributions made before 1 July 1999. Once you have stopped working for the employer who made the contributions, you can generally access these benefits.

#### Preserved

Since 30 June 1999 all contributions paid into a super fund by or on behalf of a member are considered 'preserved benefits'. These benefits must remain in the member's account until the member meets a condition of release.

All preserved benefits transferred between CareSuper and other super funds will continue to be preserved benefits. Eligible spouse contributions are also preserved.

Generally, you can access your preserved benefits when you have reached your preservation age and retire. You can work out your preservation age using the table below.

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
After 30 June 1964	60

### Your income payments

#### How much will my payments be?

The dollar amount of your regular payments from a Guaranteed Income account will be determined by a range of factors, including:

- Your initial investment amount (must be at least \$10,000)
- The type of account and other options you choose
- The frequency of your payments
- The payment rate on offer.

When you meet with your financial planner, they will provide you with a quote that shows how much your regular payments would be.

Your quoted payment amount is after fees and costs for managing your Guaranteed Income account, meaning no fees are deducted directly from your account. Read the 'Fees and other costs' section on pages 20–22.





### What is the minimum payment amount?

The payments you receive from your Guaranteed Income account must meet the minimum payment amount set by the Government. The minimum payment amount is calculated as a percentage of your initial investment amount. You can work out your minimum payment amount using the table below.

#### Minimum annual payments

Age	% of the initial capital investment
Under 65	4%
65 – 74	5%
75 – 79	6%
80 – 84	7%
85 – 89	9%
90 – 94	11%
95 or over	14%

If you open a Guaranteed Fixed Term Income account with no residual capital value or a Guaranteed Lifetime Income account, the minimum payment standards only need to be met in the first year of the account.

If you open a Guaranteed Fixed Term Income account with a residual capital value, the minimum payment requirements need to be met in each year of payment.

Your quoted regular payment amounts will meet these requirements.

If you request a full withdrawal, you may need to be paid a minimum income payment to meet government requirements. Your minimum payment is based on the scheduled payment apportioned for the number of days the income was payable. The withdrawal value will take into account any minimum payment that may be required.

### How are income payments made?

Income payments are made by Electronic Funds Transfer (EFT) directly into your nominated bank, building society or credit union account. Payments will not be made by cheque. Your nominated account must be held either in your name or, if the nominated account is held jointly, you must be one of the account holders.

### When are income payments made?

A Guaranteed Income account gives you the flexibility of receiving your income payments at a frequency that suits you. You can choose monthly, quarterly, half-yearly or yearly payments. If you have a Guaranteed Fixed Term account with a term of one year, your payments must be made monthly, quarterly or half-yearly.

Payments will be made on the day that corresponds to the date you opened your account. For example, if you opened your account on 23 June and selected the monthly frequency, your payments would be made on the 23rd of each month.

If your payment date falls on a weekend or public holiday, your payment will be made on the previous business day.

Once your account starts, the first payment will be made at the end of the payment frequency you have chosen. For example, if you choose to be paid monthly, the first payment will be made one month after the account starts. If you choose to be paid annually, the first payment will be made on the first anniversary of the date you opened the account.

### ! Important note:

Once your Guaranteed Income account is open, you can't change your payment frequency. To change your payment frequency, you would need to close your account and open a new one. When you close your account, your withdrawal value is likely to be less than what you invested, even after taking into account payments you have already received.



### Timing your payments

Before you start a Guaranteed Income account, you may want to consider the timing of any other payments or income you receive, such as the Age Pension.

Speak with your financial planner to find out more about the timing and frequency of your Guaranteed Income account payments.

# About the Guaranteed Lifetime Income account option

A Guaranteed Lifetime Income account gives you a regular cash flow for life, regardless of how long you live or how investment markets perform. You can also access a part of your capital for a period of time by choosing a withdrawal period when you start your account.

## What are my options for the withdrawal period?

When you start your account, you can choose a withdrawal period up to your life expectancy.<sup>1</sup> During the withdrawal period:

- You can choose to close your account in return for a lump sum payment (see page 14)
- If you die and do not have a reversionary beneficiary, a lump sum death benefit is payable to your dependants (see page 17).

After your withdrawal period ends, your account has no withdrawal value, you can't make a voluntary withdrawal on your account and there is no lump sum payable on your death.

You need to choose your withdrawal period when you open your account and can't change it afterwards. The minimum withdrawal period is one year and the maximum withdrawal period is your life expectancy (see page 27). If you have nominated a reversionary beneficiary, the longer life expectancy determines the maximum withdrawal period you can choose.

You can choose not to have a withdrawal period in return for higher regular payments. If you choose this option, you can't make a voluntary withdrawal on your account and there is no lump sum payable on your death.

<sup>1</sup> Calculated in accordance with the Australian Life Tables, rounded up to whole years. This may be different to what Challenger Life estimates your life expectancy to be.

## Can I choose a benefit reduction for my reversionary beneficiary?

If you have nominated a reversionary beneficiary, you can choose for them to receive reduced regular payments after your death. This means your reversionary beneficiary would receive your regular payments reduced by 33%. Your payments do not reduce if your reversionary beneficiary dies before you.

If you choose this option, you will generally receive higher payments (although the payments will reduce when the benefit reduction applies).

The benefit reduction only applies to regular payments and does not apply to your withdrawal value or death benefit.

### How benefit reduction works

If for example you are receiving regular monthly payments of \$1000 prior to your death, then following your death, monthly payments to your reversionary beneficiary will reduce to \$670.

## What are my options for indexation?

You may be able to choose to have your payments adjusted annually in line with CPI<sup>2</sup> movements. Depending on prevailing interest rates, it may not be possible to choose certain indexation options. The adjustment occurs after each anniversary of your account being opened. You can choose full indexation, partial indexation or no indexation.

<sup>2</sup> The CPI is the weighted average of the Eight Capital Cities Index as published by the Australian Statistician, to provide a general measure of price inflation for all Australian households. Challenger Life reserves the right to adjust the index if there is a change in law which results in a material change to the CPI or its use. Challenger Life does not cap CPI changes. If the CPI decreases, your regular payments will reduce. The index used to calculate the CPI can be changed at any time. The CPI is only a proxy for inflation and does not exactly match actual price or wage inflation in the economy.

### Full indexation

Your payments are indexed annually in line with the CPI. The change will be applied to the first payment after each anniversary of the start of your account, and the regular payments for the year that follows will be made at the indexed level. If the CPI increases, your payments will also increase by that proportion. If the CPI decreases in any particular year, your payments will also decrease. See page 9 for an example.

### Partial indexation

Your payments increase annually in line with any CPI increase that is greater than 2% and decrease annually in line with any CPI decreases. If the CPI increases but the increase is less than 2%, your regular payments will not change, and if the CPI decreases, the full amount of the decrease will apply. If the CPI increases by more than 2%, your payments will increase by the increase in the CPI, less 2%. See page 9 for an example.



Any change will be applied to the first payment after each anniversary of the start of your account and the regular payments for the year that follows will be made at the indexed level.

Although your regular payments will not increase during periods of low inflation and will decrease during periods of deflation, this option provides some protection in periods of high inflation. Choosing this option generally means that you will receive higher initial regular payments, when compared to an account with full indexation and lower initial regular payments than an account with no indexation. It is not possible to

predict how your future payments might compare, as it is not possible to predict CPI changes.

No indexation

By choosing this option, your payment amount will not change from year to year.

Choosing this option will generally mean that you receive higher initial payments when compared to an account with full or partial indexation. However, because the regular payments will not be adjusted, in periods of inflation your purchasing power will reduce and your future payments could be less than if you had chosen full or partial indexation.

*your financial planner  
will help you decide  
the best indexation  
option for you*

How indexation works

The example below is based on a Guaranteed Lifetime Income account with monthly payments of \$1000. It shows the potential impact of full, partial or no indexation on an account. It also shows how payments would change with CPI<sup>1</sup> changes, depending on the indexation option chosen.

This process occurs annually throughout the life of the account and the indexation is applied to the amount of the regular payments as at the anniversary date.

	CPI increases by 1%	CPI decreases by 1%	CPI increases by 2.5%	CPI decreases by 2.5%
Full indexation	On the first anniversary of your account, the monthly payments would increase to \$1010 (an increase of 1%) effective from the 13th monthly payment. The account would then make monthly payments of \$1010 throughout the second year.	On the first anniversary of your account, the monthly payments would decrease to \$990 (a decrease of 1%) effective from the 13th monthly payment. The account would then make monthly payments of \$990 throughout the second year.	On the first anniversary of your account, the monthly payments would increase to \$1025 (an increase of 2.5%) effective from the 13th monthly payment. The account would then make monthly payments of \$1025 throughout the second year.	On the first anniversary of your account, the monthly payments would decrease to \$975 (a decrease of 2.5%) effective from the 13th monthly payment. The account would then make monthly payments of \$975 throughout the second year.
Partial indexation	Monthly payments would not be adjusted, so would continue to be \$1000 for the second year.	As above.	On the first anniversary of your account, the monthly payments would increase to \$1005 (an increase of 0.5%, which is the increase in CPI above 2%) effective from the 13th monthly payment. The account would then make monthly payments of \$1005 throughout the second year.	As above.
No indexation	Monthly payments would continue to be \$1000 and would not be adjusted.			

<sup>1</sup> The change, if any will be equal to the difference in the CPI between the second-last complete quarter before the day on which the indexation is to apply and the CPI for the same quarter of the immediately preceding year, expressed as a percentage.

# About the Guaranteed Fixed Term Income account option

A Guaranteed Fixed Term Income account gives you a regular cash flow for your desired investment term, regardless of how investment markets perform. You also have the flexibility to withdraw at any time.

## How long will I be invested for?

You can choose to receive payments over a term of 1 to 40 years, inclusive (in whole years), subject to meeting the Government's minimum payment requirements.

For an account with no residual capital value, the maximum term must be no greater than the number of whole years until you reach age 100.

## Can I have my capital repaid?

You can choose to have the initial capital you use to start the account repaid to you:

- Throughout the investment term as part of your regular payments
- At the end of the investment term, or
- A combination of both.

When you open your account, you can choose to receive between 0% and 100% of your initial capital at the end of the term. This is known as the residual capital value (RCV).

If you choose RCV100, all (100%) of your initial capital will be repaid to you at the end of the term. If you choose RCV0, all of your initial capital will be repaid to you during the investment term and none (0%) at the end. Because of this, an RCV0 account will give you higher payments but no capital at the end of the term, while an RCV100 account will give you lower payments but all of your capital at the end.

You can choose a combination of both capital repayment methods and your regular payments will adjust accordingly.

For example, if you invest \$10,000 and choose to receive 90% of your capital at the end of the term (RCV90), you will receive a capital repayment at the end of the term of \$9000. Throughout the term you will have received the other \$1000 of your initial capital as part of your regular payments (the precise amount of capital per payment will depend on the investment term and the payment frequency).

Depending on prevailing interest rates, you may be required to choose an RCV that is lower than 100% in order for your payments to meet the Government's minimum payment requirements. See page 7 for more information.

## What are my options for indexation?

If you choose to have all of your capital repaid throughout the investment term (RCV0) and the term is at least two years, you may be able to choose to have your regular payments indexed annually. The increase can either be in line with increases in the CPI<sup>1</sup> or by a fixed percentage between 1% and 5%. The increase will be applied to the first payment after each anniversary of the start of your account. The increase applies to the dollar amount of your regular payments as at the anniversary date.

If you choose to index in line with CPI and the CPI change in a given year is negative, then your regular payment amount will stay the same. The next time Challenger calculates indexation, they will use the increase in CPI since the last time indexation was applied to your payments.

If you choose fixed indexation, your regular payments will be increased by

your chosen percentage each year. If you do not choose indexation, your regular payments will stay the same which means that in periods of inflation the purchasing power of your regular payments will reduce and your future regular payments could be less than if you had chosen indexation.

By choosing indexation, your initial regular payments will be lower than if you start an account without indexation; however, the payments should increase over time if CPI increases.

## How indexation works

If you are receiving monthly payments of \$1000 and you have chosen 3% indexation, then on the first anniversary of the start of your account your monthly payments would increase to \$1030 (an increase of 3%), effective from the 13th monthly payment. The account would then make monthly payments of \$1030 throughout the second year. On the second anniversary your monthly payments would increase to \$1060.90 (a further 3% increase) throughout the third year. This process occurs annually over the investment term and the indexation is applied to the dollar amount of the regular payments as at the anniversary date.

<sup>1</sup> The CPI is the weighted average of the Eight Capital Cities Index as published by the Australian Statistician, to provide a general measure of price inflation for all Australian households. Challenger Life reserves the right to adjust the index if there is a change in law which results in a material change to the CPI or its use. Challenger Life does not cap CPI changes. The index used to calculate the CPI can be changed at any time. The CPI is only a proxy for inflation and does not exactly match actual price or wage inflation in the economy. To determine the increase in the CPI to apply to your regular payments, Challenger Life calculates the difference in the CPI between the second-last complete quarter before the day on which the indexation is to apply and either the CPI for the same quarter of the immediately preceding year or the CPI used for the previous increase and express this as a percentage.



# Opening a Guaranteed Income account



To open a Guaranteed Income account, you need to meet with a financial planner. Your planner will help you decide whether a Guaranteed Income account is suitable for you. They will also work through the account options with you and provide a quote.

CareSuper members can access qualified, dedicated financial planners through our relationship with Industry Fund Services Limited. This advice is offered on a fee-for-service basis.

Dedicated services are provided through our Melbourne, Sydney and Brisbane offices. If you can't get to one of our offices, we can arrange for a phone meeting or use our secure online meeting service for a 'face-to-face' appointment.

Your first meeting with a financial planner is at no cost and free of any obligation. Your planner will discuss their fee with you before starting any work and you may even be able to pay for personal super-related advice directly from your CareSuper Personal Plan or Employee Plan account, subject to certain restrictions. To arrange to speak with a financial planner, visit [caresuper.com.au/pensionadvice](https://caresuper.com.au/pensionadvice) or call the CareSuper PensionLine on 1300 664 781.

## Before you get started, get your super together

Once your Guaranteed Income account is open you can't add to it, so you might want to combine any other super accounts you have before you get started. You can do this by completing the **Transfer your super** form available at [caresuper.com.au/forms](https://caresuper.com.au/forms).

Before you decide to consolidate your super, you should make sure it is the right decision for you. You may lose any insurance entitlements you have with the other fund/s. You should also check to see whether your other fund/s will charge you an exit fee or any other fees.

**Important note:** If you are an existing CareSuper member and you're transferring your entire super account balance to a new Guaranteed Income account, any insurance cover you have in your super account will cease at the date your balance is transferred to your new Guaranteed Income account.

## What happens if I'm not a CareSuper member?

If you're not a CareSuper member and have a single super account, you can transfer your super directly into a CareSuper Guaranteed Income account.

However, if you're combining funds from multiple super accounts to open a Guaranteed Income account, you will

need to open a CareSuper Personal Plan account first. Your other super accounts will be rolled into your new Personal Plan account before this money can be used to open your Guaranteed Income account. For information on opening a CareSuper Personal Plan account, read the **CareSuper Member Guide PDS** available at [caresuper.com.au/PDS](https://caresuper.com.au/PDS).

## Some other things to consider

### Opening a Pension account and a Guaranteed Income account

You may choose to open a CareSuper Pension account and a Guaranteed Income account. To do this, you will need to open your Guaranteed Income account first. You can determine how much of your super will be used to start your Guaranteed Income account, and the remaining balance can be used to open your Pension account, including both the CareSuper Pension and Guaranteed Income account.

Once you've opened your Guaranteed Income account and Pension account, you can't add money to either of these accounts.

Your financial planner can discuss your options and help you open your new accounts.

## Transfer balance cap

There is a limit on how much of your super you can transfer into an income stream in the retirement phase. This limit is known as the 'transfer balance cap'. The transfer balance cap is currently \$1.6 million. The transfer balance cap applies to the combined amount of all your accounts in retirement phase, including the amount you invest in CareSuper's Guaranteed Income product.

If you exceed your transfer balance cap, you may either roll the excess back to an accumulation superannuation account or commute the excess as a lump sum. You may also be liable for excess transfer balance tax.

If we receive a commutation authority from the Australian Tax Office (ATO) in respect of an amount transferred into your Guaranteed Income account in excess of your transfer balance cap, the amount must be withdrawn from your account within 60 days of when the commutation authority was issued. If we are unable to contact you within the 60-day period to consult on rollover or payment instructions, we will pay the amount into your nominated bank account. Amounts withdrawn from your Guaranteed Income account under these circumstances will be treated as a voluntary withdrawal.

## Opening a Guaranteed Income account (continued)

### Excess transfer balance tax

If you exceed your transfer balance cap, you may receive an assessment from the ATO to pay excess transfer balance tax. The excess transfer balance tax is based on notional earnings related to the excess amount and is determined by a legislative formula.

For more information on the excess transfer balance tax please refer to the ATO website ([ato.gov.au](http://ato.gov.au)) or speak to your financial planner.

### If you are invested in the Direct Investment option

If you have a CareSuper accumulation account and are invested in the Direct Investment option, you will need to ensure your money is in one of CareSuper's Managed or Asset Class investment options before your money can be used to open a Guaranteed Income account. This includes waiting for any term deposits you are invested in to reach the end of their terms.



### Need more information?

To find out more about opening a Guaranteed Income account, call the CareSuper PensionLine on **1300 664 781**. We're available Monday to Friday between 8am and 6pm (AEST).

## Steps to open a Guaranteed Income account

Here's what you need to do:

- 1 Read this PDS and discuss your account options with a financial planner. To arrange an appointment with your financial planner, call the CareSuper PensionLine on **1300 664 781**.
- 2 As part of the advice you receive, you will get a quote from your financial planner. This quote will detail your Guaranteed Income account options and the payments you can expect to receive. The regular payment amounts offered are reviewed and updated regularly to reflect market conditions. Your quote will be valid for 14 days from the date it is generated.
- 3 If you choose to proceed, you will need to meet with your planner again to submit your application. In this meeting, your planner will prepare an application for you and provide an updated quote (if required). You will need to provide documents that verify your identity to accompany your application. You will also need to provide details of the money you will use to open your account.
- 4 You will need to check and sign your application. Your planner will submit this on your behalf.
- 5 Your account will be opened once we process and accept your application.
- 6 After your application is accepted, your regular payments will start at the end of your first payment period (see page 7).

### Cooling off period

A 14-day cooling off period is applicable when you open a Guaranteed Income account. The 14-day period starts from the earlier of:

- The date that you receive confirmation of your membership, or
- Five days after your application for membership is accepted.

During this time, you can close your account and have your initial capital investment repaid. You cannot exercise your cooling off entitlement after you have exercised any of the other rights of your CareSuper membership, such as receiving an income payment.

Before exercising your cooling off rights, you may wish to obtain financial advice on any implications of cancelling your CareSuper Guaranteed Income account.

# Managing your Guaranteed Income account

## Your welcome pack

When your account is opened, we will send you an Account Schedule that confirms your new Guaranteed Income account and your payment details. We will also send you a Centrelink schedule for social security purposes.

While we take all care in producing your Account Schedule and other investment documentation, we reserve the right to correct the documentation if we make an administrative error.

## Annual member statement

We will send you an Annual member statement each year with details of the payments you have received during the year and other account information.

## Continuity certificates (Guaranteed Lifetime Income accounts only)

Before the end of your withdrawal period and every six months thereafter, we will send you and your reversionary beneficiary (if applicable) a continuity certificate to complete. This is used as evidence of your survival and allows for your payments to continue.

If you have chosen the benefit reduction option, you will be sent the continuity certificate to complete every six months after you open an account.

It's important that you complete and return the continuity certificate to us within 30 days of it being sent. If we don't have evidence of your survival, we reserve the right to discontinue your regular payments and/or cancel your account.

## Making changes to your account

You cannot make changes to your account options (see pages 8–10) once you have opened your account, other than the cancellation of a reversionary beneficiary. You can make or change a binding or non-binding beneficiary nomination at any time.

You cannot make additional deposits to your account, but you can start a new Guaranteed Income account on separate terms. It is also not possible to switch between Guaranteed Income accounts.

## Keeping us informed

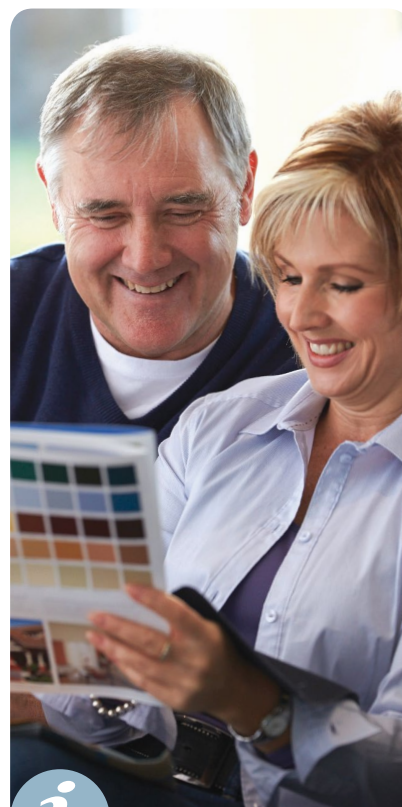
It is important that we have correct contact details for you, your reversionary beneficiary and/or your nominated beneficiary/ies so that we can communicate with you and provide you with important information.

If your bank account details change, please let us know as soon as possible so we can ensure your payments are made to the correct account.

To update your details, call the CareSuper PensionLine on **1300 664 781**.

You can also write to us at:

CareSuper Pension  
Locked Bag 5042  
Parramatta NSW 2124



## Need help managing your account?

If you need help with or information about your Guaranteed Income account, call the CareSuper PensionLine on **1300 664 781**.

## Managing your Guaranteed Income account (continued)



### What happens when my Guaranteed Fixed Term Income account matures?

The last day of your Guaranteed Fixed Term Income account is called the maturity date. If you have chosen not to have any residual capital value, your account will be closed at this date.

If you have chosen a residual capital value, we'll get in touch at least 30 days before your account maturity date. At this time you can choose to:

- Roll over the residual capital value for a further term (providing the residual capital value exceeds the minimum investment requirements)
- Start a new Guaranteed Lifetime Income or Guaranteed Fixed Term Income account
- Roll over the residual capital value to an existing CareSuper account or other super fund account, or
- Have the residual capital value repaid to you as a lump sum.

If you choose to roll over the residual capital for a further term, we may reduce your residual capital value or your selected term to ensure that your account continues to meet the Government's payment standards.

If you don't let us know your choice before the end of your investment term, your residual capital will be paid to you.

### Withdrawing your account

Before you withdraw your account, we recommend you speak with your financial planner to discuss any of the financial impacts.

#### Guaranteed Lifetime Income

Your account has a withdrawal value during the withdrawal period. A lump sum may be payable if during this period you:

- Close your account early
- Die without a reversionary beneficiary, or
- Die and your reversionary beneficiary also dies.

After your withdrawal period ends, your account does not have a withdrawal value, you cannot withdraw voluntarily and a lump sum is not payable on death.

#### How is the withdrawal value calculated?

The voluntary withdrawal value of your account reduces over the withdrawal period. When you open your Guaranteed Lifetime Income account, the withdrawal value is equal to your initial investment amount. The withdrawal value then reduces over time until it reaches zero at the end of the withdrawal period.

The withdrawal value depends on movements in interest rates between the time you open your account and the time your withdrawal is processed. As interest rates change over time, it is only possible to determine the withdrawal value at the time of withdrawal and the withdrawal value is likely to be less than what you invested, even after taking into account payments you have already received.

The death benefit payable during the withdrawal period is equal to the voluntary withdrawal value. After the withdrawal period ends there is no death benefit payable.

See pages 28 and 29 for withdrawal value illustrations.





### Withdrawing a Guaranteed Fixed Term Income account

A Guaranteed Fixed Term Income account is designed to be held for the term you choose; however, full withdrawals are permitted before the end of your chosen investment term.

The withdrawal value of your account is the value of the payments you would have received for the entire investment term, factoring in indexation and taking into account that payment will be made prior to the scheduled payment dates (the 'present value'). Your withdrawal value will depend on movements in interest rates between the time you start the account and the time you request the withdrawal.

The withdrawal value is likely to be less than what you invested, even after taking into account payments you have already received. The calculation method of the present value is impacted by changing rates, which means it is only possible to determine the withdrawal value at the time of withdrawal.

If your account has a residual capital value, the lump sum payable on your death may be greater than your voluntary withdrawal value. This is because the value of your account will generally be calculated more favourably in recognition that the withdrawal was not a voluntary withdrawal. If your account has no residual capital value, the lump sum payable on your death will be equal to the voluntary withdrawal value.

See pages 30 and 31 for withdrawal value illustrations.

### How is the withdrawal value calculated?

To calculate the withdrawal value, Challenger Life will work out the present value of all the payments (including any residual capital value) that you would have received from the date of calculation to the end of the investment term. This can involve a significant discount in some circumstances, and may result in the withdrawal value being less than the amount you invested. The calculation is as follows.

1. Challenger Life calculates the present value of your RCV to reflect the fact that the payment will be made earlier than the maturity date.
2. Challenger Life calculates the present value of each of the future regular payments you would have received during the remainder of the investment term (to reflect their early payment).
3. Challenger Life then adds together the present value of your RCV and all future payments (as calculated in steps 1 and 2).

The combined total in step 3 is your withdrawal value.

See pages 30 and 31 for withdrawal value illustrations.

### How can I request a withdrawal?

If you want to make a withdrawal, call the CareSuper PensionLine on **1300 664 781** for your withdrawal value. We will send you a letter confirming your withdrawal value at the date of your request, along with a **Withdrawal request** form for you to complete and return to us.

If you make a voluntary withdrawal, we may be required to pay a minimum payment amount to you. This minimum payment will be based on the scheduled payment apportioned for the number of days your account was open. The withdrawal value you are paid will be less any required minimum payment amount.

The withdrawal value of your account on the day we make the payment may vary from the withdrawal value stated in the letter we send you. To minimise any variation, we will generally pay the withdrawal value within five business days of receiving all required documentation.

For security purposes, funds are transferred into your nominated bank account (where your income payments are deposited).

# How your money is invested



When you invest in a CareSuper Guaranteed Income account, your money is invested in a life policy issued by Challenger Life, a life insurance company within the Challenger group of companies.

## How does it work?

Your money is pooled in a fund with money received from other Guaranteed Income members and other investors who have purchased a life policy issued by Challenger Life. Challenger Life also adds to this fund from its own money.

This fund is known as a statutory fund and is regulated under the *Life Insurance Act*.

## About the statutory fund

The name of Challenger Life's statutory fund that your money will go to when you invest in a Guaranteed Income account is Challenger's Statutory Fund No. 2. All references to guaranties in relation to benefits provided by the Guaranteed Income accounts are to payments made to CareSuper in accordance with the life policy issued by Challenger Life.

## How is the statutory fund invested?

Challenger Life will invest the statutory fund, subject to investment restrictions in the *Life Insurance Act*. Generally, the fund will be invested in cash, shares, corporate bonds, convertible notes, debt instruments, geared and ungeared property investments, infrastructure investments and other assets. The investment objectives for the fund include to achieve consistent returns and to match the cash flow in from investment returns with cash flow out to investors so that all present and future guaranteed payments can be made to all investors.

## Fund performance and payments

All regular payments are made from the statutory fund, even if the fund

suffers poor investment returns. If the balance of the fund falls below the minimum level needed to make current and future payments, Challenger may be required to top up the fund with its own money. APRA actively supervises this requirement and can intervene to ensure that payment obligations are met despite volatile or adverse movements in the broader financial markets.

If the statutory fund receives additional investment returns above the amount necessary to make all guaranteed payments, then Challenger Life can take some surplus income from the fund; however, it is only legally permitted to do so after it has made sure that there are sufficient funds to meet the current and future regular payments for all investors. Guaranteed Income members do not share in any surplus generated by the statutory fund.

## Sustainable investing

Challenger is a signatory to the United Nations Principles of Responsible Investment (UNPRI) and aims to be a responsible investor by considering environmental, social and governance (ESG) factors when investing the assets of the statutory fund. In signing up to UNPRI, Challenger has committed to extending ESG integration activities across its investments, as it recognises that such factors are important and can have an impact on investment performance over the longer term.

While Challenger takes into account ESG considerations when investing the assets of the statutory fund, it does not adhere to any particular set of standards and has no predetermined view as to what constitutes such considerations, or the extent to which they will be taken into account in its investment management practices.

# Choosing a beneficiary



## What happens if you die?

No one likes to think about what happens when they die. But it's important to have a plan in place to make sure your dependants are looked after and that your money goes where you want it to.

In this section, we'll look at the ways you can provide for your dependants in the event of your death.

You can:

### Option 1

**Nominate your spouse as your reversionary beneficiary when you start your account.**

### Option 2

**Nominate preferred beneficiaries or your legal personal representative (that is, the executor of your will) with a non-binding or binding nomination.**

Your financial planner will help you to decide which type of nomination might work for you.

## Option 1: Nominate your spouse as a reversionary beneficiary

You can nominate your spouse as your reversionary beneficiary. This means your spouse will continue to receive income payments from your Guaranteed Income account following your death.

If you want to nominate a new spouse as your reversionary beneficiary at a later date you will need to close your Guaranteed Income account and open a new one.

If your reversionary beneficiary dies, you can nominate a new binding or non-binding beneficiary. See below for details.

If you do not nominate a reversionary beneficiary, any death benefit payable from your Guaranteed Income account will be paid to one or more of your dependants or your legal personal representative as a lump sum.

## Option 2: Nominate your preferred beneficiaries

You may nominate one or more of your dependants or your legal personal representative to receive any death benefit payable from your Guaranteed Income account in the event of your death. You can choose the type of nomination that best suits your needs – either a:

- Non-binding nomination, or
- Binding nomination.

### Making a non-binding nomination

With a non-binding nomination, the Trustee will use your nomination as a guide when making a decision on paying your death benefit. However, your nomination is not binding on the Trustee and the Trustee can choose which of your dependants or your legal personal representative to pay it to.

You can make a non-binding nomination using **PensionOnline** or by completing the **Change of membership details** form available from [caresuper.com.au/pensionpublications](https://caresuper.com.au/pensionpublications).

### Making a binding nomination

If you make a binding nomination, the Trustee is bound to distribute any benefit payable as you have instructed, provided that your nomination is valid and binding at the time of your death. Your nomination is binding for three years. We will contact you prior to the expiry date to advise that a new nomination is required.

You can make a binding nomination by completing the **Binding beneficiary nomination** form available from [caresuper.com.au/pensionpublications](https://caresuper.com.au/pensionpublications).

Note that the validity of a binding nomination will be determined at the time. Refer to the conditions outlined on the back of the **Binding beneficiary nomination** form.



## Choosing a beneficiary (continued)

### What happens if I have no nomination or an invalid nomination?

If you die without nominating a reversionary beneficiary or preferred beneficiaries, or if your nomination is invalid or if the person/s nominated have died before you die, the Trustee will pay any death benefit to your dependants or your legal personal representative. Before making a decision, the Trustee will consider your dependants' circumstances at the time of your death.

**! Please note:** If you have previously advised CareSuper of your preferred beneficiaries regarding your death benefit before starting a Guaranteed Income account, that nomination will not apply to your Guaranteed Income account.

#### Definition of a dependant for superannuation purposes

The definition of a dependant for superannuation purposes is:

- Your spouse<sup>1</sup>
- Your children (including a child over 18)
- Any person financially dependent on you at the time of your death, or
- Any person with whom you have an interdependency relationship.

This definition of a dependant is different to the one used to determine the tax payable on the death benefits. See page 23 for more information.

<sup>1</sup> Note: The definition of spouse for superannuation purposes includes same sex and de facto partners.

#### Definition of interdependency

An interdependency relationship may exist between two people if all of the following conditions are met:

- They have a close personal relationship
- They live together
- One or each provides the other with financial support, and
- One or each provides the other with domestic support and personal care.

An interdependency relationship may also exist if the parties meet the other criteria but do not live together due to either or both of them suffering from a physical, intellectual or psychiatric disability.

This definition means that siblings and adult children caring for parents may be eligible.



*a Guaranteed Income account  
gives you the option to provide  
for your dependants in the  
event of your death*



# Payment of death benefits



Payment of any death benefits will depend on the type of Guaranteed Income account you have, whether you have nominated a reversionary beneficiary and the account options you have chosen.

## Guaranteed Lifetime Income account

### If you have nominated a reversionary beneficiary

If you die and you have nominated a reversionary beneficiary, the regular payments will continue to be made to your reversionary beneficiary for the rest of their lifetime. If you have chosen a benefit reduction option, the regular payments the reversionary beneficiary receives will be reduced by 33%.

If you die and your reversionary beneficiary receives the regular payments and they die within the withdrawal period, a withdrawal value applies and is payable in accordance with any valid binding death benefit nomination made by the reversionary beneficiary. If there is no valid death nomination, the withdrawal value is payable to your dependants or legal personal representative in the proportion determined by the Trustee. If your reversionary beneficiary dies after the withdrawal period has ended, no further payments will be made from the date of their death.

### If you have not nominated a reversionary beneficiary

A lump sum death benefit is payable if you die before the withdrawal period ends and have not nominated a reversionary beneficiary. If you have a valid binding death benefit nomination, the Trustee will pay any death benefit to your dependants or legal personal representative in the proportions you have set out.

If you have a valid non-binding nomination, the Trustee will use this as a guide when deciding on payment of any death benefit.

If you have no valid benefit nomination, any death benefit will be paid to your dependants or legal personal representative in the proportion determined by the Trustee.

While the payment of death benefits is being determined, any death benefit will be held until the beneficiaries are determined. Once the Trustee has determined the beneficiaries, the funds will be paid accordingly.

If you die after the withdrawal period has ended no further payments are payable after the date of death and no death benefit is payable.

## Guaranteed Fixed Term Income account

### If you have nominated a reversionary beneficiary

If you die and you have elected a reversionary beneficiary, the regular payments and any residual capital value are payable to the reversionary beneficiary. They can then elect to withdraw the account and receive a lump sum.

### If you have not nominated a reversionary beneficiary

Generally, a lump sum is payable to your dependants or legal personal representative if you die and have not nominated a reversionary beneficiary.

If you have a valid binding death benefit nomination, the Trustee will pay any death benefit to your dependants or legal personal representative in the proportions you have set out.

If you have a valid non-binding nomination, the Trustee will use this as a guide when deciding on payment of any death benefit.

If you have no valid benefit nomination, any death benefit will be paid to your dependants or legal personal representative in the proportion determined by the Trustee.

If there is one eligible beneficiary then that person may continue to receive

the regular income payments and any residual capital value, provided they are younger than you and are a dependant for tax purposes. Refer to page 23 for a definition of a dependant for tax purposes.

Regular payments can only be made to your child if they are:

- Under the age of 18
- Between the age of 18 and 24 and financially dependent on you, or
- Disabled within the meaning of s8(1) of the *Disability Services Act 1986*.

If they do not meet one of these conditions, we will pay them the withdrawal value as a lump sum instead. If they cease to meet the above criteria after regular payments are being made to them, the remaining benefits must be paid to them as a lump sum at that time.

While the payment of death benefits is being determined, any death benefit will be held until the beneficiaries are determined. Once the Trustee has determined the beneficiaries, the funds will be paid accordingly.

Where regular payments have been suspended since we were notified of your death, these payment amounts will be earning interest at the Reserve Bank of Australia official cash rate and form part of the death benefit payable.

## Payment information

We will not make any part payment in respect of the period that has elapsed between the last regular payment that was guaranteed to be made and the date of death. We will seek to recover any payments made after the date of death that we had not guaranteed to make under the terms of the account. It is therefore important that we are notified promptly of a death.

# Fees and other costs

## Consumer advisory warning

### Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of the pension account rather than 1% could reduce the final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

Ask the fund or your financial adviser.

### To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website – [www.moneysmart.gov.au](http://www.moneysmart.gov.au) – has a superannuation calculator to help you compare different fee options.



There are no direct fees or charges payable in relation to your Guaranteed Income account. Costs of providing the account are taken into account when setting the amount of your regular payments, and we also make assumptions about potential investment returns and your longevity (for Guaranteed Lifetime Income accounts).

Fees and costs can be deducted from your money, from the returns of your investment or from CareSuper's assets as a whole. You can use the table below to compare costs between different pension products.

### Guaranteed Lifetime Income account

Type of fee	Amount	How and when paid
Investment fee	\$0	Not applicable
Administration fee	0.15% p.a. of initial investment amount	Included in the calculation of your income payments (not deducted directly from your account or from your regular payments)
Buy-sell spread	\$0	Not applicable
Switching fee	\$0	Not applicable
Exit fee	\$0	Not applicable
Advice fees relating to all CareSuper Guaranteed Income accounts	\$0	Not applicable
Other fees and costs	Refer to 'Additional explanation of fees and costs' on page 22 for more information on other fees and costs	
Indirect cost ratio	Nil	Not applicable

### Guaranteed Fixed Term Income account

Type of fee	Amount	How and when paid
Investment fee	\$0	Not applicable
Administration fee	<p><b>Accounts with a residual capital value 100% (RCV100)</b></p> <p>0.20% p.a. of initial investment amount</p> <p><b>Accounts with a residual capital value between 0% and 99% (RCV0-99)</b></p> <p>0.20% p.a. of reducing initial investment amount<sup>1</sup></p>	Included in the calculation of your regular payments (not deducted directly from your account or from your regular payments)
Buy-sell spread	\$0	Not applicable
Switching fee	\$0	Not applicable
Exit fee	\$0	Not applicable
Advice fees relating to all CareSuper Guaranteed Income accounts	\$0	Not applicable
Other fees and costs		
Indirect cost ratio	Nil	Not applicable

<sup>1</sup> The initial investment is reduced after each regular income payment by an amount calculated as: initial investment minus any residual capital value, divided by the total number of income payments in the investment term.



### Example of annual fees and costs for Guaranteed Income accounts

The tables below give an example of how the fees and costs for Guaranteed Lifetime Income and Guaranteed Fixed Term Income accounts can affect your superannuation investment over a 1-year period. You should use these tables to compare these superannuation products with other superannuation products.

Example – CareSuper Guaranteed Lifetime Income account		Balance of \$50,000
Investment fee	Nil	For every \$50,000 you have in the Guaranteed Lifetime Income account you will be charged \$0 each year
PLUS Administration fees	0.15%	And, you will be charged \$75 in administration fees (taken into account when setting the amount of your regular payments and not a direct fee or charge to you)
PLUS Indirect costs for the product	Nil	And, indirect costs of \$0 each year will be deducted from your investment
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$75 for the product

Example – CareSuper Guaranteed Fixed Term Income account with a RCV of 100%		Balance of \$50,000
Investment fee	Nil	For every \$50,000 you have in the Guaranteed Fixed Term Income account you will be charged \$0 each year
PLUS Administration fees	0.20%	And, you will be charged \$100 <sup>1</sup> in administration fees (taken into account when setting the amount of your regular payments and not a direct fee or charge to you)
PLUS Indirect costs for the product	Nil	And indirect costs of \$0 each year will be deducted from your investment
EQUALS Cost of product		If your balance was \$50,000, then for that year you will be charged fees of \$100 for the product

<sup>1</sup> For Guaranteed Fixed Term Income accounts with an RCV of 100, the administration fee is based on the initial investment amount. For Guaranteed Fixed Term Income accounts with an RCV between 0 and 99, the administration fee is based on the reducing initial investment.

## Fees and other costs (continued)

### Defined fees

These fee definitions are prescribed text and the fees defined may not be applicable to your Guaranteed Income account. See pages 20 and 21 for details of the fees and costs you will pay.

#### Activity fees

A fee is an activity fee if:

- a) The fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:
  - i. That is engaged in at the request, or with the consent, of a member, or
  - ii. That relates to a member and is required by law, and
- b) Those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an exit fee, an advice fee or an insurance fee.

#### Administration fees

An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs incurred by the trustee of the entity that:

- a) Relate to the administration or operation of the entity, and
- b) Are not otherwise charged as an investment fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

#### Advice fees

A fee is an advice fee if:

- a) The fee relates directly to costs incurred by the trustee of the superannuation entity because of provision of financial product advice to a member by:
  - i. A trustee of the entity, or
  - ii. Another person acting as an employee of, or under an arrangement with, the trustee of the entity, and
- b) Those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an exit fee, an activity fee or an insurance fee.

#### Buy-sell spreads

A buy-sell spread is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

#### Exit fees

An exit fee is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.

#### Indirect cost ratio

The indirect cost ratio (ICR), for an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the investment option, to the total average net assets of the superannuation entity attributed to the investment option.

**Note:** A dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio.

#### Investment fees

An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes:

- a) Fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees), and

- b) Costs incurred by the trustee of the entity that:

- i. Relate to the investment of the assets of the entity, and
- ii. Are not otherwise charged as an administration fee, a buy-sell spread, a switching fee, an exit fee, an activity fee, an advice fee or an insurance fee.

#### Switching fee

A switching fee is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one class of beneficial interest in the entity to another.

### Additional explanation of fees and costs

#### Financial planning

CareSuper offers financial planning through our relationship with Industry Fund Services Limited (IFS).

IFS provides personalised financial advice on a fee-for-service basis and all fees are set out in a Statement of Advice and agreed with you prior to proceeding.

You may choose to have the fee for super-related advice provided by IFS deducted from your account up to a maximum of \$1500 per year. You must have a minimum account balance of \$2000 in your CareSuper Personal Plan or Employee Plan account following the deduction of an advice fee. You cannot have advice fees deducted from a Guaranteed Income account.

Any additional service fees are only deducted following your authorisation. For further information about the advice services provided by IFS and applicable fees, refer to the IFS Financial Services Guide.



# Tax and other facts



A Guaranteed Income product is a tax friendly way to invest. Regular payments and voluntary withdrawals from your account are tax free.

## How death benefits are taxed

The tax treatment of a death benefit depends on whether it is being paid to dependants or non-dependants for tax purposes. The definition of dependant for tax purposes is different to the one that applies for superannuation dependants, and includes:

- Your spouse, who is a person (whether of the same or the opposite sex) with whom you are in a de facto relationship or in a relationship that is legally registered as a marriage or under State or Territory law as a civil union
- Your ex-spouse
- Your child under 18 years of age or otherwise financially dependent on you (includes an adopted child or stepchild)
- Someone who is financially dependent on you (that is, you contribute necessary financial support to maintain that person)
- Someone in an interdependency relationship with you. Refer to page 18 for a definition of interdependency.

The table below sets out the tax treatment of death benefits.

	Death benefit paid as lump sum	Death benefit paid as regular payments
Dependant for tax purposes	Tax free	Tax free
Not dependant for tax purposes	Tax free component of the lump is tax free Taxable component of the lump sum will be subject to a maximum of 15% tax plus Medicare levy	Not applicable. A person who is not dependant for tax purposes cannot receive regular payments
Estate	Tax free if the estate pays benefits to a person who is dependent for tax purposes If the estate pays benefits to a person who is not dependent for tax purposes, the taxable component of the lump sum will be subject to a maximum of 15% tax	Not applicable. An estate cannot receive regular payments



The tax information in this PDS is of a general nature only and does not take into account your personal circumstances. The information is correct at the time of printing. As changes to tax laws can and do occur, we recommend you seek professional tax advice with regard to your personal circumstances.

## Other things you should know

### Access to super for temporary residents

Generally, temporary residents cannot establish a Guaranteed Income account.

### Insurance cover

Insurance cover is not available in CareSuper Guaranteed Income accounts.

If you are an existing CareSuper member and you're transferring your entire superannuation account balance to a new CareSuper Guaranteed Income account, any insurance cover you have in your superannuation account will cease on the date the balance of your account with insurance is transferred to your new CareSuper Guaranteed Income account. To maintain your existing insurance cover, you may wish to consider keeping your superannuation account open.

### Social security aspects

Your Guaranteed Income account may affect your benefit entitlements. Both Centrelink and the Department of Veterans' Affairs have tests to determine your eligibility for benefits – the income test and the asset test. For the purpose of these tests, the Guaranteed Income product is treated differently to account-based pensions such as the CareSuper Pension. For more information about Centrelink's income and assets tests, go to [centrelink.gov.au](http://centrelink.gov.au).

You will be provided with a Centrelink schedule when you start a Guaranteed Income account.

To find out how the Centrelink tests may apply to you, speak to your financial planner.

### Protecting your privacy

CareSuper collects your personal information in order to establish and manage your superannuation account.

For more information, see CareSuper's Privacy Policy at [caresuper.com.au/privacypolicy](http://caresuper.com.au/privacypolicy).

### Making enquiries and complaints

#### We're ready to listen

The Trustee has established procedures to deal fairly with enquiries and complaints from members and beneficiaries. We are committed to listening and trying to reach an appropriate resolution within a reasonable timeframe – that is, no more than 90 days after we receive your complaint.

Your enquiry or complaint may be made by telephone, email or post. If you make an enquiry or complaint by telephone we will endeavour to resolve the matter immediately, unless a written response is required. If you are unhappy with the Trustee's response to your original enquiry, you should make a further enquiry or complaint as soon as possible. While we will always attempt to review your complaint as quickly as possible, some matters are more complex than others. We may ask you to put your complaint in writing so we can investigate it fully and provide a written response. This may take the full 90 days. In these cases, we will write to you when we receive your complaint to let you know the next steps.

Once the Trustee has investigated your complaint, you will receive a written reply explaining the Trustee's decision. See the back of this PDS for our contact details.

#### Time limits on complaints to the Trustee

Specific time limits exist within which a complaint must be made to the Trustee (to enable the complaint to be considered by the Superannuation Complaints Tribunal [SCT]). The time limits relate to:

#### Death benefits

If you have a complaint about the Trustee's proposal for payment of a death benefit, you must lodge your complaint within 28 days of receiving written notice. If you are not notified of the 28-day period, or the notification is incorrect or faulty, the time limit does not apply.

#### Requesting an explanation for decisions

You may make a written request to the Trustee to provide reasons for the decision regarding your complaint (or the Trustee's failure to make a decision within 90 days). These reasons must be provided within 28 days of your request.

#### Death benefit decisions

Written reasons for a decision in relation to a death benefit complaint must be provided by the Trustee at the same time as the decision. If no decision is made within 90 days, you may request, in writing, a written explanation for this non-decision. A response must be provided within 28 days after your request is given.



### What to do if you're not satisfied

If you have used CareSuper's complaints process but you are not satisfied with the Trustee's response, or if the Trustee doesn't respond within 90 days, you may be able to take your complaint to the SCT.

The SCT is an independent body established by the Federal Government to review certain types of Trustee decisions and conduct as they relate to members or their beneficiaries.

### Time limits on complaints to the SCT

#### Death benefits

Where the Trustee has provided a written notice about payment of a death benefit, a complaint must be made to the SCT within 28 days of the date you receive this written notice, provided that you have been advised of the 28-day period.

#### Other complaints

Any other complaints about the superannuation provider's decision or conduct should generally be lodged within one year of the event. You may still lodge a complaint after this time, but the Tribunal has the discretion not to deal with that complaint.

### How to make a complaint about privacy

If you have any concerns about privacy, or you believe that your privacy rights have been breached and you wish to lodge a formal complaint, please contact CareSuper. Your complaint will be investigated and dealt with in accordance with CareSuper's complaints procedures, and you will receive your response within 30 days. If you do not receive a response to your complaint within this timeframe, or you are dissatisfied with the response, you may refer the matter to the Office of the Australian Information Commission.

### Superannuation Complaints Tribunal

If you are not satisfied with the way CareSuper handles or resolves your complaint, you can contact the Superannuation Complaints Tribunal (SCT).

To find out if the SCT can handle your complaint you can call 1300 884 114 or write to:

Superannuation Complaints Tribunal  
Locked Bag 3060  
Melbourne VIC 3001

or visit [sct.gov.au](http://sct.gov.au).

### Proof of identity

Under the *Anti-Money Laundering and Counter Terrorism Financing Act 2006*, CareSuper is required to identify, monitor and mitigate the risk that the Fund may be used for the laundering of money or the financing of terrorism.

Because of this you may be required to provide proof of your identity before you withdraw your benefit from the Fund or commence an income stream. At a minimum, you may be required to provide the Fund with evidence that verifies your full name, your date of birth and your residential address.

CareSuper reserves the right to request additional identification if required.

### Protect your personal documents

There have been reported cases of identity fraud and money laundering involving organised crime groups producing counterfeit documents used to access a range of financial accounts, including super.

While CareSuper works to mitigate this risk to members, it's important that you are diligent in the way that you dispose of your personal documents, such as bank statements and superannuation statements.

The Australian Securities and Investment Commission (ASIC) has prepared a brochure that covers these issues. Visit [moneysmart.gov.au](http://moneysmart.gov.au) for your copy.

# Explanation of commonly used terms

To ensure you've understood everything you need to about your Guaranteed Income account, we've provided some simple definitions of the technical terms we have used in this PDS.

**Benefit reduction** – the option to reduce the regular payments due to your reversionary beneficiary after your death by 33%. By choosing this option, you will generally receive higher payments than if you did not choose this option.

**Challenger Life** – Challenger Life Company Limited ABN 44 072 486 938, AFSL 234670, a life insurance company regulated under the *Life Insurance Act 1995* (Cth) and the issuer of the life policy that supports the payments made from the Guaranteed Income product.

**Consumer Price Index (CPI)** – the weighted average of the Eight Capital Cities Index as published by the Australian statistician, to provide a general measure of price inflation for all Australian households.

**Indexation** – the adjustment of income payments by means of a price index, in order to maintain the purchasing power of the income after inflation.

**Inflation rate** – the rate at which the price of goods and services rises or falls. This is usually shown as a percentage and is measured by the CPI.

**Legal Personal Representative** – the executor of a will or administrator of the estate of a deceased person.

**Longevity risk** – the risk that with increased life expectancy, individuals may outlast their savings before the end of their lifetime.

**Medicare levy** – the percentage of taxable income paid by most Australian individuals, on top of normal income tax, to help pay for the public health system. Go to [ato.gov.au](http://ato.gov.au) for the current rate of the Medicare levy and further information.

**Pension** – is the broad term that refers to a periodic payment made to an individual who qualifies under certain conditions. It includes Commonwealth Government social security pensions (age, disability, service), private pensions (such as those provided under a company or Government pension scheme for employees) as well as the types of pension accounts explained in this PDS.

**Preservation age** – the age at which a member can gain access to preserved benefits that have built up in a super fund, approved deposit fund or retirement savings account.

**Residual capital value (RCV)** – this term relates to the Guaranteed Fixed Term account and is the amount between 0% and 100% of your initial capital investment that you choose to receive at the end of your investment term. The RCV is determined when you start your account.

**Reversionary income** – an income paid to a spouse following the death of the original account holder. The spouse must have been nominated as reversionary beneficiary at the time the account was opened.

**Rollovers** – the transfer of money from one super fund to another.

**Trust Deed** – the document that sets out the rules for the establishment and operation of a super fund (such as CareSuper). A superannuation trust deed includes provisions covering such issues as:

- Who will be admitted as members
- The process for receiving and investing contributions
- Discretionary powers of trustees, and
- The payment of benefits to members.

**Trustee** – a company (or person) that has legal responsibility for financial aspects (receipts, disbursements and investment) of funds. CareSuper's Trustee is CARE Super Pty Ltd.

**Withdrawal period** – relates to the Guaranteed Lifetime Income account and is the period of time within which you cancel your account in return for a lump sum payment, or in the event of your death and where you haven't nominated a reversionary beneficiary, a lump sum is payable. Your withdrawal period is determined when you start your account and can be any period of time up to your life expectancy<sup>1</sup>.

<sup>1</sup> Calculated in accordance with the Australian Life Tables, rounded up to whole years. This may be different to what Challenger Life estimates your life expectancy to be.





# Maximum withdrawal periods

## Guaranteed Lifetime Income account

The table below shows the maximum withdrawal period you can choose for a Guaranteed Lifetime Income account, based on your sex and age. These terms are based on life expectancies<sup>1</sup> (rounded up to whole years). If you have nominated a reversionary beneficiary, the longest life expectancy determines the maximum withdrawal period you can choose.

The withdrawal period must be chosen at commencement and cannot be changed once your account starts.

Age	Male	Female
61	23	26
62	22	25
63	21	24
64	21	23
65	20	23
66	19	22
67	18	21
68	17	20
69	17	19
70	16	18
71	15	17
72	14	17
73	14	16
74	13	15
75	12	14
76	12	14
77	11	13
78	10	12
79	10	11
80	9	11

Age	Male	Female
81	9	10
82	8	9
83	7	9
84	7	8
85	7	8
86	6	7
87	6	7
88	5	6
89	5	6
90	5	5
91	4	5
92	4	5
93	4	4
94	4	4
95	4	4
96	3	4
97	3	3
98	3	3
99	3	3
100	3	3

<sup>1</sup> Calculated in accordance with Australian Government Actuary life expectancy tables and may therefore be different from what Challenger Life estimates your life expectancy to be.

# Voluntary withdrawal value illustrations

## Guaranteed Lifetime Income account – 65-year-old female

The following illustrations are based on an initial capital investment of \$100,000. A yearly payment frequency and partial indexation option was chosen. The withdrawal values are as at the end of each year of the illustrated withdrawal period.

The tables below and on the next page provide some examples of withdrawal values and how they are impacted by rate movements.

Interest rate movement	65-year-old female 10-year withdrawal period			65-year-old female 15-year withdrawal period			65-year-old female 23-year withdrawal period		
	-1.50%	0%	1.50%	-1.50%	0%	1.50%	-1.50%	0%	1.50%
End of year									
1	\$90,000	\$90,000	\$82,629	\$93,333	\$93,333	\$83,223	\$95,652	\$95,652	\$82,207
2	\$80,000	\$80,000	\$74,405	\$86,667	\$86,667	\$77,914	\$91,304	\$91,304	\$78,732
3	\$70,000	\$70,000	\$65,870	\$80,000	\$80,000	\$72,505	\$86,957	\$86,957	\$75,250
4	\$60,000	\$60,000	\$57,059	\$73,333	\$73,333	\$66,998	\$82,609	\$82,609	\$71,760
5	\$50,000	\$50,000	\$48,004	\$66,667	\$66,667	\$61,393	\$78,261	\$78,261	\$68,259
6	\$40,000	\$40,000	\$38,736	\$60,000	\$60,000	\$55,690	\$73,913	\$73,913	\$64,745
7	\$30,000	\$30,000	\$29,279	\$53,333	\$53,333	\$49,888	\$69,565	\$69,565	\$61,217
8	\$20,000	\$20,000	\$19,657	\$46,667	\$46,667	\$43,990	\$65,217	\$65,217	\$57,670
9	\$10,000	\$10,000	\$9,891	\$40,000	\$40,000	\$37,994	\$60,870	\$60,870	\$54,103
10	\$0	\$0	\$0	\$33,333	\$33,333	\$31,902	\$56,522	\$56,522	\$50,513
11	\$0	\$0	\$0	\$26,667	\$26,667	\$25,713	\$52,174	\$52,174	\$46,896
12	\$0	\$0	\$0	\$20,000	\$20,000	\$19,429	\$49,093	\$47,826	\$43,249
13	\$0	\$0	\$0	\$13,333	\$13,333	\$13,048	\$45,929	\$43,478	\$39,987
14	\$0	\$0	\$0	\$6,667	\$6,667	\$6,572	\$42,549	\$39,879	\$37,457
15	\$0	\$0	\$0	\$0	\$0	\$0	\$38,940	\$36,711	\$34,672
16	\$0	\$0	\$0	\$0	\$0	\$0	\$35,088	\$33,279	\$31,610
17	\$0	\$0	\$0	\$0	\$0	\$0	\$30,979	\$29,562	\$28,244
18	\$0	\$0	\$0	\$0	\$0	\$0	\$26,597	\$25,540	\$24,549
19	\$0	\$0	\$0	\$0	\$0	\$0	\$21,927	\$21,191	\$20,495
20	\$0	\$0	\$0	\$0	\$0	\$0	\$16,950	\$16,489	\$16,049
21	\$0	\$0	\$0	\$0	\$0	\$0	\$11,650	\$11,409	\$11,177
22	\$0	\$0	\$0	\$0	\$0	\$0	\$6,007	\$5,923	\$5,841
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Important information about the withdrawal value illustrations:** This table is indicative only and the values shown are predictive for an investment made on 13 June 2017, calculated as at that date. Challenger Life has assumed annual increases in the Consumer Price Index (CPI) of 2.5%. Your actual withdrawal value will depend on actual changes in the CPI, the length of your chosen withdrawal period, your initial investment and the actual movement in interest rates between the time of your investment and the time of withdrawal. The interest rate movement refers to the relevant Government bond rates between the time you opened the account and the time of withdrawal. The interest rate movements used in this example are for illustrative purposes only and are not a prediction of actual interest rate movements. Actual rates can move by more or less than 1.5%, and the actual movement will affect the withdrawal value. After the withdrawal period ends the withdrawal value is zero.

# Voluntary withdrawal value illustrations

## Guaranteed Lifetime Income account – 65-year-old male

Interest rate movement	65-year-old male 10-year withdrawal period			65-year-old male 15-year withdrawal period			65-year-old male 20-year withdrawal period		
	-1.50%	0%	1.50%	-1.50%	0%	1.50%	-1.50%	0%	1.50%
End of year									
1	\$90,000	\$90,000	\$82,675	\$93,333	\$93,333	\$83,282	\$95,000	\$95,000	\$82,740
2	\$80,000	\$80,000	\$74,422	\$86,667	\$86,667	\$77,951	\$90,000	\$90,000	\$78,755
3	\$70,000	\$70,000	\$65,869	\$80,000	\$80,000	\$72,525	\$85,000	\$85,000	\$74,746
4	\$60,000	\$60,000	\$57,049	\$73,333	\$73,333	\$67,004	\$80,000	\$80,000	\$70,710
5	\$50,000	\$50,000	\$47,992	\$66,667	\$66,667	\$61,389	\$75,000	\$75,000	\$66,645
6	\$40,000	\$40,000	\$38,724	\$60,000	\$60,000	\$55,679	\$70,000	\$70,000	\$62,548
7	\$30,000	\$30,000	\$29,270	\$53,333	\$53,333	\$49,875	\$65,000	\$65,000	\$58,417
8	\$20,000	\$20,000	\$19,652	\$46,667	\$46,667	\$43,975	\$60,000	\$60,000	\$54,248
9	\$10,000	\$10,000	\$9,889	\$40,000	\$40,000	\$37,980	\$55,000	\$55,000	\$50,039
10	\$0	\$0	\$0	\$33,333	\$33,333	\$31,889	\$50,000	\$50,000	\$45,785
11	\$0	\$0	\$0	\$26,667	\$26,667	\$25,703	\$45,000	\$45,000	\$41,484
12	\$0	\$0	\$0	\$20,000	\$20,000	\$19,422	\$40,000	\$40,000	\$37,133
13	\$0	\$0	\$0	\$13,333	\$13,333	\$13,044	\$35,640	\$35,000	\$32,726
14	\$0	\$0	\$0	\$6,667	\$6,667	\$6,570	\$31,445	\$30,003	\$28,662
15	\$0	\$0	\$0	\$0	\$0	\$0	\$26,978	\$25,904	\$24,896
16	\$0	\$0	\$0	\$0	\$0	\$0	\$22,225	\$21,478	\$20,770
17	\$0	\$0	\$0	\$0	\$0	\$0	\$17,169	\$16,701	\$16,254
18	\$0	\$0	\$0	\$0	\$0	\$0	\$11,791	\$11,547	\$11,312
19	\$0	\$0	\$0	\$0	\$0	\$0	\$6,075	\$5,990	\$5,907
20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Important information about the withdrawal value illustrations:** This table is indicative only and the values shown are predictive for an investment made on 13 June 2017, calculated as at that date. Challenger Life has assumed annual increases in the Consumer Price Index (CPI) of 2.5%. Your actual withdrawal value will depend on actual changes in the CPI, the length of your chosen withdrawal period, your initial investment and the actual movement in interest rates between the time of your investment and the time of withdrawal. The interest rate movement refers to the relevant Government bond rates between the time you opened the account and the time of withdrawal. The interest rate movements used in this example are for illustrative purposes only and are not a prediction of actual interest rate movements. Actual rates can move by more or less than 1.5%, and the actual movement will affect the withdrawal value. After the withdrawal period ends the withdrawal value is zero.

# Voluntary withdrawal value illustrations

## Guaranteed Term Income account – 5-year term

The following illustrations are based on an initial investment of \$100,000. A yearly payment frequency was chosen. The withdrawal values shown are as at the end of each year of investment. The tables below provide some examples of withdrawal values and how they are impacted by rate movements.

	RCV90			RCV0 (no indexation)			RCV0 (CPI indexation)		
Interest rate movement	-1.50%	0%	1.50%	-1.50%	0%	1.50%	-1.50%	0%	1.50%
End of year									
1	\$93,502	\$88,702	\$84,222	\$78,559	\$75,877	\$73,341	\$79,943	\$77,180	\$74,568
2	\$92,683	\$88,999	\$85,514	\$60,190	\$58,526	\$56,939	\$62,039	\$60,310	\$58,660
3	\$91,828	\$89,314	\$86,903	\$40,998	\$40,138	\$39,310	\$42,797	\$41,895	\$41,027
4	\$90,934	\$89,647	\$88,396	\$20,948	\$20,651	\$20,363	\$22,143	\$21,829	\$21,525
5	\$90,000*	\$90,000*	\$90,000*	\$0	\$0	\$0	\$0	\$0	\$0

\* This is your residual capital value (RCV).

**Important information about the withdrawal value illustrations:** This table is indicative only and the values shown are predictive for an investment made on 13 June 2017, calculated as at that date. The annual income payments used to calculate the values are based on the following rates: 3.13% for RCV90, 3.08% for RCV0 (no indexation) and 3.59% for RCV0 (CPI indexation). Challenger Life has assumed annual increases in the Consumer Price Index (CPI) of 2.5%. Your actual withdrawal value will depend on actual changes in the CPI, the length of your investment term, your initial investment, the amounts and number of future payments payable under the terms of the account and the actual movement in interest rates between the time of your investment and the time of withdrawal. The interest rate movement refers to the relevant Government bond rates between the time you opened the account and the time of withdrawal. The interest rate movements used in this example are for illustrative purposes only and are not a prediction of actual interest rate movements. Actual rates can move by more or less than 1.5%, and the actual movement will affect the withdrawal value. In a low interest rate environment, it may not be possible to choose a RCV of 90%, as you may be required to choose a lower percentage in order for your account to meet the Government's minimum payment standards.



## Voluntary withdrawal value illustrations

### Guaranteed Fixed Term Income account – 20-year term

Interest rate movement	RCV0 (no indexation)			RCV0 (CPI indexation)		
	-1.50%	0%	1.50%	-1.50%	0%	1.50%
End of year						
1	\$88,736	\$87,968	\$78,062	\$89,405	\$88,815	\$78,014
2	\$85,743	\$85,031	\$75,820	\$87,694	\$87,142	\$76,993
3	\$82,609	\$81,953	\$73,437	\$85,754	\$85,241	\$75,758
4	\$79,327	\$78,728	\$70,903	\$83,570	\$83,095	\$74,294
5	\$75,891	\$75,347	\$68,210	\$81,126	\$80,691	\$72,581
6	\$72,294	\$71,804	\$65,347	\$78,407	\$78,011	\$70,600
7	\$68,528	\$68,090	\$62,304	\$75,396	\$75,039	\$68,330
8	\$64,585	\$64,198	\$59,068	\$72,073	\$71,755	\$65,749
9	\$60,456	\$60,120	\$55,629	\$68,422	\$68,142	\$62,834
10	\$56,134	\$55,845	\$51,973	\$64,421	\$64,178	\$59,557
11	\$51,608	\$51,364	\$48,086	\$60,049	\$59,843	\$55,894
12	\$46,869	\$46,669	\$43,954	\$55,286	\$55,114	\$51,813
13	\$41,908	\$41,747	\$39,562	\$50,107	\$49,968	\$47,286
14	\$36,714	\$36,590	\$34,892	\$44,488	\$44,380	\$42,278
15	\$31,275	\$31,184	\$29,928	\$38,403	\$38,323	\$36,754
16	\$25,581	\$25,518	\$24,651	\$31,826	\$31,770	\$30,677
17	\$19,620	\$19,581	\$19,042	\$24,728	\$24,693	\$24,008
18	\$13,378	\$13,358	\$13,078	\$17,079	\$17,061	\$16,702
19	\$6,842	\$6,836	\$6,739	\$8,847	\$8,841	\$8,716
20	\$0	\$0	\$0	\$0	\$0	\$0

**Important information about the withdrawal value illustrations:** This table is indicative only and the values shown are predictive for an investment made on 13 June 2017, calculated as at that date. The annual income payments used to calculate the values are based on the following rates: 3.70% for RCV0 (no indexation) and 4.19% for RCV0 (CPI indexation). Challenger Life has assumed annual increases in the Consumer Price Index (CPI) of 2.5%. Your actual withdrawal value will depend on actual changes in the CPI, the length of your investment term, your initial investment, the amounts and number of future payments payable under the terms of the account and the actual movement in interest rates between the time of your investment and the time of withdrawal. The interest rate movement refers to the relevant Government bond rates between the time you opened the account and the time of withdrawal. The interest rate movements used in this example are for illustrative purposes only and are not a prediction of actual interest rate movements. Actual rates can move by more or less than 1.5%, and the actual movement will affect the withdrawal value.

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