

FIRE AND EMERGENCY SERVICES SUPERANNUATION FUND

SUPPLEMENTARY GUIDE FOR PENSION MEMBERS

SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

Issued by: Fire and Emergency Services Superannuation Board
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Prepared: July 2008

What's this Supplementary Guide About?

This Supplementary Guide (also known as a Supplementary Product Disclosure Statement) contains additional information about the Fire and Emergency Services Superannuation Fund for members commencing or receiving a pension benefit through the Fund.

Members who retire, who have retained their money in the Fund or have attained their preservation age, currently age 55, may be able to take their superannuation monies as an Account Based Pension or a Transition to Retirement Pension. The following document outlines the key features, terms and conditions of each type of pension.

This Supplementary Guide should be read in conjunction with Part A and Part B of the Fund's Member Information Guide (also known as the Product Disclosure Statement).

Please note that the information contained in this guide is general information only and does not take into account your particular objectives, financial situation or needs. You should seek professional financial advice before acting on this information.

If you have any questions after reading this guide, please contact the Superannuation Office. The contact details are:

Secretary/Manager	
Fire and Emergency Services Superannuation Fund	
242 Rokeby Road	
Subiaco WA 6008	
Telephone:	(08) 9382 8444
Facsimile:	(08) 9382 8464
Email:	admin@fessuper.com.au

**Fire and Emergency Services Superannuation Fund
Supplementary Guide for Pension Members**

General information

Account Based Pension Option

Members who retire or who have retained their money in the Fund may be able to take their superannuation monies as an Account Based Pension. Account Based Pensions are very different to the more traditional type of pension and offer members considerable flexibility and control over their retirement incomes. Account Based Pensions are very popular among retirees, and may be a very flexible and tax effective way of drawing on your superannuation in retirement.

One of the attractions of taking your superannuation in the form of an Account Based Pension on retirement is that no investment tax is paid on the investment earnings on your Account Based Pension account balance. However, tax may be payable when you make withdrawals from your Account Based Pension account (see later for more details).

If you elect to take an Account Based Pension, you can nominate the amount of your superannuation monies that will form the starting balance of your Account Based Pension account. Your account based pension account will be:

- debited with any withdrawals or pension payments made to you;
- debited with any fees that may apply; and
- allocated with earnings (the amount of earnings will vary and depend on which investment option/s you have selected). Please note that earnings may be positive or negative (ie your account balance may reduce) if the investment of the account falls. This is more likely to occur within the Growth and Share options of the Fund, since these options have a higher exposure to shares and property investments, but can also occur in the other investment options offered.

Each year, you can select the amount of the pension you would like to draw from your Account Based Pension account within certain prescribed limits. You can also withdraw lump sums from your Account Based Pension account subject to any government restrictions.

If you die, the balance of your Account Based Pension account can either be paid to your dependants or estate or alternatively, your spouse could continue to receive the pension if you have nominated them as a reversion.

One of the attractions of Account Based Pensions is that the money in your account is yours to access as you require it, subject to certain government restrictions. However, the pension payments will only last while there is sufficient money remaining in your account. Once your account balance reduces to nil, your pension and all entitlements from the Fund will cease.

Summary of Account Based Pension Features

Starting balance of Account Based Pension account:	You determine how much of your superannuation monies form the starting balance of your Account Based Pension account.
Pension payments:	<p>You determine the annual pension payments you receive each year subject to being within the minimum limits set by the government. See Attachment 1: Calculation of Minimum Pension Payment Limits for Account Based Pensions. No maximum payment limit applies.</p> <p>At the start of each financial year, you will be advised of your minimum limit and asked to nominate the total pension you want to receive over the coming twelve months.</p> <p>You have the choice of your pension payments being paid either:</p> <ul style="list-style-type: none"> • Weekly, every Wednesday; • Monthly, on the 15th day of each month; • Quarterly, on 15th day of September, 15th December, 15th March and 15th June; • Six monthly, on 15th day of December and 15th June; or

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	<ul style="list-style-type: none"> Annually in arrears on the 15th day of June each year. <p>These pension payments will be deducted from your Account Based Pension account.</p>
Lump sum withdrawals:	You can withdraw lump sum amounts from your Account Based Pension account at any time.
Investment options:	<p>You choose where your Account Based Pension account is to be invested from the range of investment options offered by this Fund. On commencing an Account Based Pension, all of the Fund's investment options are available for selection (including the Smoothed option). However, once you have commenced your pension, you cannot move any additional monies into the Smoothed option at a later time.</p> <p>Refer to the Member Information Guide (Product Disclosure Statement) Part A and Part B for more information on your investment options.</p> <p>If your Account Based Pension account is split between more than one option, then your pension payments and any lump sum withdrawals will be withdrawn from each option in accordance with your chosen investment split, unless you advise otherwise.</p>
Rollover:	You can rollover all or part of your Account Based Pension account to another superannuation fund at any time by notifying the Superannuation Office in writing.
Account Based Pension account balance:	Your Account Based Pension account will be debited with your pension payments, any lump sum withdrawals you make and any fees applicable. Your account balance will be allocated with earnings which maybe positive or negative based on the net fund earning rate of the investment options you have chosen.
Tax free investment earnings:	There is no income tax paid on the investment earnings on your account based pension assets.
Tax on pension payments/lump sum withdrawals:	<p>PAYG tax will be automatically deducted from any pension payments if you are under the age of 60.</p> <p>If tax is payable on any lump sum withdrawals, this will also be deducted prior to payment.</p>

Terms and Conditions – Account Based Pension

Minimum Account Based Pension account balance:	<p>\$10,000</p> <p>If your account balance reduces to \$1,000 or less, your remaining pension balance will be paid out prior to the next 30 June.</p>
Minimum lump sum withdrawal:	\$2,000, with a maximum of eight lump sum withdrawals per financial year.
Investment switches:	You can change your investment mix at any time during the year (up to four changes per financial year without cost). Your investments will be switched on the first day of the month following the receipt and acceptance of your instructions by the Superannuation Office (provided your instructions are received no later than 5 working days prior to the end of the month).
Variation in pension payments:	With effect from 1 st July each year. You can change the amount and frequency of your pension payments during the year, subject to the minimum limit.

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Fees and charges:	<p>There are no special establishment or entry fees for commencing an Account Based Pension.</p> <p>All other fees and charges apply as set out in Part B of the Member Information Guide (Product Disclosure Statement).</p>
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You cannot make any further contributions to your Account Based Pension account once you have commenced a pension. You can, however, commence another pension if you have other superannuation monies.

Transition to Retirement Pension

Members who have achieved their preservation age, which for most members is age 55, and would like to have access to their superannuation benefits without having to retire or leave their job may be able to take their money as a Transition to Retirement Pension. Transition to Retirement Pensions allows members to access their accumulation account balances by drawing down certain non-commutable superannuation income streams called Transition to Retirement income streams. It is important to note that Transition to Retirement Pensions can only be accessed from accumulation account balances and **NOT** defined benefit balances.

One of the attractions of taking your superannuation in the form of a Transition to Retirement Pension is that you can continue working in any capacity while you receive superannuation benefits in a non-commutable income stream as there is no work test prescribed by legislation. No investment tax is paid on the investment earnings on your Transition to Retirement Pension account balance. Additionally, as it is with the Account Based Pension, for members over the age of 60, no tax is payable on the pension payments made from your Transition to Retirement Pension account.

If you elect to take a Transition to Retirement Pension, you can nominate the amount of your superannuation monies that will form the starting balance of your Transition to Retirement Pension account. Your Transition to Retirement Pension account will be:

- debited with any pension payments made to you;
- debited with any fees that may apply; and
- allocated with earnings (the amount of earnings will vary and depend on which investment option/s you have selected). Please note that earnings may be negative (ie your account balance may reduce) if the investments of the account falls. This is more likely to occur within the Growth and Share options of the Fund, since these options have a higher exposure to shares and property investments, but can also occur in the other investment options offered.

Each year, you can select the amount of the pension you would like to draw down from your Transition to Retirement Pension account subject to the prescribed minimum / maximum payment limits. You cannot withdraw lump sums from your Transition to Retirement Pension account.

If you die, the balance of your Transition to Retirement Pension account can either be paid to your dependants or estate or alternatively your dependants could continue to receive the pension.

Summary of Transition to Retirement Pension Features

Starting balance of Transition to Retirement Pension account:	You determine how much of your accumulation account monies form the starting balance of your Transition to Retirement Pension account.
Commencing Age:	Preservation Age (see Attachment 3 for your preservation age).

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Finishing Age:	Your Transition to Retirement Pension will cease upon your retirement or at an earlier age at your discretion. Upon retirement, you can commence an Account Based Pension, retain the balance in the fund or roll-over the balance to another superannuation fund. You can also elect to cease your transition to retirement pension at any time and transfer the balance back to your accumulation account.
Pension payments:	<p>You determine the annual pension payments you receive each year subject to being within the minimum and maximum limits set by the government. See Attachment 2: Calculation of Pension Payment Limits for Transition to Retirement Pensions. A maximum annual payment limit of 10% of the account balance applies.</p> <p>At the start of each financial year, you will be advised of your minimum and maximum limit and asked to nominate the total pension you want to receive over the coming twelve months.</p> <p>You have the choice of your pension payments being paid either:</p> <ul style="list-style-type: none"> • Weekly, every Wednesday; • Monthly, on the 15th day of each month; • Quarterly, on 15th day of September, 15th December, 15th March and 15th June; • Six monthly, on 15th day of December and 15th June; or • Annually in arrears on the 15th day of June each year. <p>These pension payments will be deducted from your transition to retirement account based pension account.</p>
Lump sum withdrawals:	You cannot withdraw any lump sum amounts while receiving a Transition to Retirement Pension account.
Investment options:	<p>You choose where your Transition to Retirement Pension account is to be invested from the range of investment options offered by this Fund. On commencing a Transition to Retirement Pension, all of the Fund's investment options are available for selection (including the Smoothed option). However, once you have commenced your pension, you cannot move any additional monies into the Smoothed option at a later time.</p> <p>Refer to the Member Information Guide (Product Disclosure Statement) Part A and Part B for more information on your investment options.</p> <p>If your Transition to Retirement Pension account is split between more than one option, then your pension payments will be withdrawn from each option in accordance with your chosen investment split, unless you advise otherwise.</p>
Rollover:	You cannot rollover all or part of your Transition to Retirement Pension account to another superannuation fund.
Transition to Retirement Pension account balance:	Your Transition to Retirement Pension account will be debited with your pension payments and any fees applicable. Your account balance will be allocated with earnings which maybe positive or negative based on the net fund earning rate of the investment options you have chosen.
Tax free investment earnings:	There is no income tax paid on the investment earnings on your Transition to Retirement Pension assets.
Tax on pension payments:	PAYG tax will be automatically deducted from any pension payments if you are under the age of 60.

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Terms and Conditions – Transition to Retirement Account Based Pension

Minimum Transition to Retirement Pension account balance:	\$10,000
Minimum lump sum withdrawal:	No lump sum withdrawals are permitted.
Investment switches:	You can change your investment mix at any time during the year (up to four changes per financial year without cost). Your investments will be switched on the first day of the month following the receipt and acceptance of your instructions by the Superannuation Office (provided your instructions are received no later than 5 working days prior to the end of the month).
Variation in pension payments:	With effect from 1 st July each year. You can change the amount and frequency of your pension payments during the year, subject to the minimum and maximum limits.
Fees and charges:	There are no special establishment or entry fees for commencing a Transition to Retirement Pension. All other fees and charges apply as set out in Part B of the Member Information Guide (Product Disclosure Statement).

You cannot make any further contributions to your Transition to Retirement Pension account once you have commenced a pension. You can, however, commence another pension if you have other superannuation monies.

Taxation of Pensions

The following is a guide to the main taxes that apply to both Account Based Pensions and Transition to Retirement Pensions.

For those aged 60 and over, there is no tax payable on your pension and on any lump sum withdrawals.

	Tax Payable
On commencement	None
On investment income	None
On pension payments	Pension payments are included in your assessable income each year. Part or all of your pension payments may be tax free depending on your: <ul style="list-style-type: none"> • deductible amount; • tax rebate if aged between 55 and 60; and • the tax free threshold. PAYG tax will be deducted at the time of payment.
Lump sum withdrawals (available for Account Based Pensioners only): <ul style="list-style-type: none"> • Tax-free component • Taxable component 	Nil If under age 55 – 20% [#] . If aged between your preservation age and under 60 – <ul style="list-style-type: none"> ▪ Nil for the first \$145,000* (indexed); ▪ 15%[#] for excess over \$145,000* (indexed).

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	Tax Payable
	Top personal tax rate – currently 47%#.

**2008/09 figures, indexed each year.*

#Taxation rates do not include Medicare levy, which is currently 1.5%.

Tax Rebate

If you are between your preservation age and under 60, you may be entitled to a tax rebate of up to 15% of your gross pension payment each year less any deductible amount.

Social Security

Income Test: Part or all of your pension payments are counted for the Income Test.

Asset Test: All of your Account Based Pension and Transition to Retirement account balances are counted for the Asset Test.

Further Information

For general information on the pension options available, or for further information on the Fund, you can contact the Secretary/Manager at the Superannuation Office (contact details are provided at the front of this Guide). While the Secretary/Manager can provide you with general information, they are unable to provide you with advice that takes into account your personal circumstances, needs and/or objectives. If you require advice of this nature, you will need to consult a licensed financial adviser.

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Attachment 1: Calculation of Minimum Pension Payment Limits for Account Based Pensions

The following section provides you with information on how to calculate the minimum Account Based Pension payment limits each year. This is for your information only. The Secretary/Manager will calculate these for you and advise you of your limits each year.

The Account Based Pension payments in a year, except by way of commutation of a lump sum amount, must not be smaller than the minimum limit as calculated via the following formula:

$$\text{Minimum limit} = \text{AB} \times \text{PF}$$

where:

“**AB**” means the amount of the pension account balance:

- (a) on 1 July in the financial year in which the payments are made; or
- (b) if that year is the year in which the pension payments commenced - on the commencement day; and

“**PF**” is the percentage factor for the minimum payment appropriate to your age at 1 July each year, or in the case of your first year, your age at commencement. See the table below for the minimum percentage factors.

For the year in which the pension commences, the minimum limit must be pro-rated for the number of days in the financial year that include and follow the commencement day.

Percentage Factors

Age of Beneficiary	Minimum Percentage Factor (PF)
Under 65	4%
65 – 74	5%
75 – 79	6%
80 – 84	7%
85 – 89	9%
90 – 94	11%
95 or more	14%

Example:

Iva, who turned 60 on 5 March 2007, invests \$200,000 in an account based pension on 1 October 2007. The date of the first payment to Iva is 15 October 2007.

2007/2008:

The minimum payment for 2007/2008 is based on:

- (a) the account balance on the day of purchase; and
- (b) the beneficiary's age of 60 on the day of purchase:

If the commencement day of the pension is a day other than 1 July – in the first financial year, the minimum payment factor must be applied proportionally to the number of days in the financial year that include and follow the commencement date. That is:

$$\$200,000 \times \frac{274}{366} \times 4\% = \$5,989.07 \text{ (rounded to } \$5,990)$$

Assume that Iva elects to take a payment of \$12,000 for the 2007/2008 year, above the minimum limit advised above.

2008/2009:

The minimum payment for the year 2008/2009 is based on:

- (a) the account balance on 1 July 2008, assumed to be \$198,000 (residue \$188,000 + interest of \$10,000); and
- (b) the beneficiary's age of 61 on 1 July 2008:

$$\$198,000 \times 4\% = \$7,920.00$$

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Attachment 2: Calculation of Pension Payments for Transition to Retirement Account Based Pensions

The following section provides you with information on how to calculate your Transition to Retirement Pension payment each year. This is for your information only. The Secretary/Manager will calculate these for you and advise you of your entitlement each year.

The Transition to Retirement Pension payment in a year is calculated via the following formula:

$$\text{Minimum limit} = \mathbf{AB \times PF}$$

$$\text{Maximum limit} = \mathbf{AB \times 10\%}$$

where:

“**AB**” means the amount of the pension account balance:

- (c) on 1 July in the financial year in which the payments are made; or
- (d) if that year is the year in which the pension payments commenced - on the commencement day; and

“**PF**” is the percentage factor for the minimum payment appropriate to your age at 1 July each year, or in the case of your first year, your age at commencement. See the table below for the minimum percentage factors.

For the year in which the pension commences, the minimum limit must be pro-rated for the number of days in the financial year that include and follow the commencement day.

Percentage Factors

Age of Beneficiary	Minimum Percentage Factor (PF)
Under 65	4%
65 – 74	5%
75 – 79	6%
80 – 84	7%
85 – 89	9%
90 – 94	11%
95 or more	14%

Example:

Bruce turned 55 recently and transfers \$200,000 of his accumulation account into a transition to retirement account based pension on 1 July 2008 and continues to work.

Calculation of the initial 2008/2009 annual pension limits:

The **minimum** payment for 2008/2009 is based on:

- (a) the account balance on the day of purchase; and
- (b) the beneficiary's age of 55 on the day of purchase:

$$\$200,000 \times 4\% = \$8,000.00$$

The **maximum** payment for 2008/2009 is based on:

- (a) the account balance on the day of purchase; and
- (b) the beneficiary's age of 55 on the day of purchase:

$$\$200,000 \times 10\% = \$20,000.00$$

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Attachment 3: Preservation Age

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 preservation age is the age at which you can access your superannuation benefits in cash on permanent retirement.

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Attachment 4: Key Feature Comparison

Comparison between Account Based Pension Option and Transition to Retirement Pension Option

Feature	Account Based Pension Option	Transition to Retirement Pension Option
You can determine your starting balance from	Superannuation balances	Accumulation balances
Investment options	All	All
Minimum initial account balance	\$10,000	\$10,000
Minimum account balance	\$1,000	N/A
Can you withdraw a lump sum	Yes	No
Tax paid on pension	Yes if aged under 60	Yes if aged under 60
Maximum pension amount limit per year	No	10% of account balance
Variations in pensions allowed	Yes	Yes
Minimum lump sum withdrawal	\$2,000	N/A
Maximum lump sum withdrawals	8	N/A
Income tax paid on investment earnings	No	No
Investment switches allowed	Yes	Yes
Roll-over to another superannuation fund	Yes	No
Establishment or entry fees	No	No

Fire and Emergency Services Superannuation Board (ABN 55 476 454 384)
AFS Licence 259671

Fire and Emergency Services Superannuation Fund
Pension Application Form

Member Details

First Name: _____ Middle Name: _____ Surname: _____

Title: Dr/Mr/Mrs/Ms/Miss Date of Birth: _____

Home Address: _____

_____ Post Code: _____

Home phone: _____ Work phone: _____

Preferred email address: _____

Spouse Details (only complete if pension will be reverting to your spouse)

First Name: _____ Middle Name: _____ Surname: _____

Title: Dr/Mr/Mrs/Ms/Miss Date of Birth: _____

Home Address: _____

_____ Post Code: _____

Home phone: _____ Work phone: _____

Preferred email address: _____

Your initial pension account balance

Account Based Pension

- I wish to use the whole of my superannuation monies in the Fire and Emergency Services Superannuation Fund to commence an Account Based Pension.
- I only wish to use \$_____ of my superannuation monies in the Fire and Emergency Services Superannuation Fund to commence an Account Based Pension.

Transition to Retirement Account Based Pension

- I wish to use \$_____ of my superannuation monies in the Fire and Emergency Services Superannuation Fund to commence a Transition to Retirement Pension.

Fire and Emergency Services Superannuation Fund

Your Investment Options

I would like my pension account/s to be invested as follows:

	Pension
Investment Option	Percentage
Cash option	
Capital Stable option	
Smoothed option	
Growth option	
Share option	
SRI option	
Australian Share option	
Total (<i>should add to 100%</i>)	

Please note that you cannot transfer any monies into the Smoothed option at a later date.

Default option

If you do not advise otherwise, your pension account/s will remain invested in the same manner as your existing accumulation account monies.

Pension Payment Details:

I would like my pension/s to be paid as follows:

	Pension Payment Frequency	Pension Amount	Date of first payment (<i>please complete</i>)
<input type="checkbox"/>	Weekly	\$ _____	_____ of _____ 20____
<input type="checkbox"/>	Monthly	\$ _____	15 th of _____ 20____
<input type="checkbox"/>	Quarterly	\$ _____	15 th of Mar/Jun/Sept/Dec 20____
<input type="checkbox"/>	Six monthly	\$ _____	15 th of Jun/Dec 20____
<input type="checkbox"/>	Annual in arrears	\$ _____	15 th of June 20____

Nominated financial institution account

Please provide the following account details for your pension to be paid into:

Name of financial institution: _____

BSB Number: _____

Account Name: _____

Account Number: _____

Fire and Emergency Services Superannuation Fund

Declaration

- I hereby apply to the Trustees of the Fire and Emergency Services Superannuation Fund to commence payment of my superannuation monies as a pension under the relevant terms and conditions contained in the Act and Regulations governing the Fund.
- I confirm that I have read and understand the Product Disclosure Statement and the Supplementary Product Disclosure Statement for Pension Members and agree to be bound by these documents.
- I understand that my personal information will be handled by the Fund to provide and manage my superannuation. Without this information the Fund may not be able to provide my superannuation and choices. For this purpose, my personal information may pass between the Superannuation Board and its staff, professional advisers, insurers, government bodies, the employer and other parties as required, including the trustee of any other superannuation fund that my superannuation is transferred to.
- I acknowledge that if I have provided my email address in this application form, the Superannuation Board may at its discretion, use it to send information to me.
- I authorise the Superannuation Board to deduct the payments indicated above from my pension account and credit to my nominated financial institution account.
- I certify that the details provided by me in this form are true and correct.

Signature: _____ Date: _____

Fire and Emergency Services Superannuation Board
ABN 55 476 454 384
AFS Licence No: 259671
RSE Licence No: L0001700
RSE Registration No: R1055917

Once completed, send this form to:

**Fire and Emergency Services Superannuation Board
PO Box 513
Subiaco WA 6904**