



Capital Guaranteed Pension Retirement Savings Account



Product Disclosure Statement (PDS) 1 May 2023



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Product Issuer Information

Australian Military Bank Ltd – Capital Guaranteed Super ABN: 48 087 649 741

AFSL and Australian Credit Licence Number: 237 988

Unique Superannuation Identifier (USI): 48 087 649 741 002

About the Australian Military Bank Capital Guaranteed Pension account PDS

This PDS provides a summary of the key information you need to make a decision. Please read this PDS carefully before making a decision to invest in this product.

Always retain a copy of the PDS for future reference.

You do not have to be a member of Australian Military Bank to open a Capital Guaranteed Pension account.

This information is current as at the date of publication and may change from time to time. Any updates that aren't materially adverse will be available at www.australianmilitarybank.com.au.

If the changes to the information are materially adverse, we will issue a supplementary revised PDS.

For more information regarding the product, please see the relevant Target Market Determination available at

<https://www.australianmilitarybank.com.au/target-market-determination>.

The information in this document is general in nature and doesn't take into account your personal financial situation or needs. You may wish to consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances.

Financial Services Guide

For information on our full range of products and services, see our Financial Services Guide on www.australianmilitarybank.com.au.



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1. About Capital Guaranteed Pension account

The Capital Guaranteed Pension account is a complying account based pension. Account based pensions are designed to convert your accumulated superannuation into a tax effective income stream. This income is paid into your nominated bank account.

The minimum amount you draw from your pension account each year is subject to a pension factor set by the Government and other Government prescribed pension standards (see Section 5 for details).

The Australian Government provides a range of incentives for people to be self-sufficient in retirement. Tax concessions and other government benefits generally make account based pensions one of the best vehicles for investing and receiving a retirement income stream (see Section 8). Unlike superannuation accumulation, the investment earnings are not taxed.

Another key feature of account based pensions is that they allow you to access your capital. In addition to your regular draw down you can make lump sum withdrawals, if required, although this may affect your Centrelink entitlements.

Finally, your money can be withdrawn and reinvested elsewhere without high exit costs (see Section 7).

Go to **www.humanservices.gov.au** for more information on Centrelink's means assessment and the implications of lump sum withdrawals.

About Australian Military Bank

Australian Military Bank has been providing banking services to the greater Defence community since 1959. Australian Military Bank focuses on providing banking services to serving and retired Defence personnel and associated Defence contractors and their families, but we also welcome members from the general public.

Our complying retirement savings account (RSA), the Capital Guaranteed Pension account, is operated under our Australian Financial Services Licence number 237 988.

Australian Military Bank further operates in accordance with the Banking Act 1959, the Corporations Act 2001 and the Retirement Savings Accounts Act 1997; is an authorised deposit-taking institution (ADI); and is supervised by the Australian Prudential Regulatory Authority (APRA).

Deposit balances at Australian Military Bank up to \$250,000 per depositor are guaranteed by the Australian Government under the Financial Claims Scheme (FCS). Access to the FCS is subject to eligibility criteria.

For more information about the terms and conditions that apply to the Financial Claims Scheme see www.apra.gov.au or call the APRA Hotline on 1300 55 88 49.





2. What is a Capital Guaranteed Pension account?

- It is a cash and fixed interest based investment, managed by Australian Military Bank.
- It is designed to provide long term savings and income in retirement.
- It is suitable for members who are looking for security and flexibility.
- Investment options include variable interest rate, fixed interest rate or a combination of the two.
- It is subject to the same legislative rules as superannuation pension funds, and provides the same tax benefits.
- There is a \$5 per month administration fee charged at the end of each month from variable interest option. You will be required to maintain a minimum of \$180 in your variable interest option.
- Variable Interest is calculated on a daily basis and credited to your account monthly. Interest on fixed term is calculated daily paid upon maturity.

We also offer a Capital Guaranteed Super account. The Capital Guaranteed Super account is designed for those who want a retirement savings account. For more information about Capital Guaranteed Super product, go to **www.australianmilitarybank.com.au/superannuation**.

3. Benefits

The Australian Military Bank Capital Guaranteed Pension has the following benefits:

- Security of your capital i.e. a low risk investment options.
- Your money is 'Capital Guaranteed' meaning that you are protected against negative investment returns.
- Choice of fixed and variable rate investment options.
- Easy to view and manage your account online via the Super Portal.
- Able to access your funds once you have satisfied 'Preservation rules' (refer to Section 6):
 - As a lump sum;
 - In the form of an account based pension (income stream);
 - Or a combination of both.
- No entry fees.
- No tax on investment earnings within the allocated pension account.
- Option to have a transition to retirement account.
- Concessional tax treatment.



4. Risks

All investments have some level of risk. It is important to note that the Capital Guaranteed Pension account may not provide an income stream for the rest of your life as it depends on the amount of money invested, the rate of return and your life span.

While the Capital Guaranteed Pension account is a low risk investment, there are some potential risks you should consider before investing in this product:

- Investment risk – The measure of the level of uncertainty of achieving the returns as per the expectations of an investor.
- Interest rate risk – Changes in interest can have a positive or negative impact on investment returns.
- Changes in Superannuation Legislation - Laws affecting superannuation may change, which may affect the amount of your super and when you can access it.
- Changes in Taxation Law - Changes can occur to the taxation of Superannuation law which may affect the value of your investment.
- Preservation Laws – You may not be able to access your superannuation because of preservation rules until you retire from the workforce and reach preservation age.
- Previous investment returns are not an indicator of future performance.
- Your investment and future superannuation savings may not be sufficient to provide an income for the rest of your life.

You may wish to seek advice from a licensed financial planner to ensure this product meets your financial circumstances.

5. Making Contributions

Contribution caps

Superannuation is a way to save for your retirement; the money comes into your super fund by your employer and is topped up by your own money.

Concessional contributions are contributions made by the employer on your behalf, self-employed persons claiming a tax deduction or through the use of salary sacrifice. The concessional contribution limit as of 1 July 2021 is \$27,500 for all ages.

Non-concessional contributions are after-tax contributions from which an individual or employer hasn't claimed a tax deduction. Non-concessional contributions are limited to \$110,000 per financial year as at 1st July 2021. For people less than 75 years of age, they will be able to bring forward an additional two years' worth of contributions (e.g. making a personal non-concessional contribution of \$330,000 in the current financial year and nothing for the next two years.)



Transfer balance cap

From 1 July 2017, the total amount of super you can transfer into a tax-free retirement account is capped. This is called the transfer balance cap.

The transfer of balance cap on 1 July 2017 was initially set at \$1.6 million. The general transfer balance cap is reviewed each financial year and indexation occurs in line with consumer price index in \$100,000 increments.

The transfer balance cap from 1 July 2021 is set at \$1.7 million.

The cap applies to all retirement phase pension accounts a person holds in the Australian superannuation system, regardless of when the retirement phase pension commenced.

For more information on transfer balance cap go to www.ato.gov.au.

Contributions by the self-employed

You can make contributions to the Capital Guaranteed Super account if you are self-employed, subject to the contribution caps.

Contributions for your spouse

You can make a contribution to your spouse's Capital Guaranteed Super account on behalf of your spouse. Your spouse must be under 75 years of age and you must ensure that your spouse did not have either:

- Non-concessional contribution totalling more than their non-concessional cap for the relevant financial year; or
- As at 30 June that year, total superannuation balance of \$1.6 million or more.

For more information on spouse contribution please go to www.ato.gov.au.

Australian government's co-contribution scheme

Under the Government Co-contribution Scheme, the Government may make additional contributions up to \$500 a year for low- income earners who make personal contributions into their superannuation.

Downsizer contributions

If you are age 55 or older and meet the downsizer eligibility requirements, you can make a downsizer contribution up to a maximum of \$300,000 from the proceeds of the sale or part sale of your home. The contribution amount cannot be greater than the total proceeds from the sale of your home.

The downsizer contribution doesn't count towards any of the contribution caps, however it will count towards your transfer balance cap.

The home must have been owned by you or your spouse for 10 years or more prior to the sale. The ownership period is generally calculated from the date of settlement of purchase to the date of settlement of sale.

You can make downsizer contribution within 90 days of receiving the proceed of the sale, which is usually at the date of settlement.

We recommend you seek financial advice from a licensed financial planner before making the downsizer contribution.

For more information on downsizer contribution please go to www.ato.gov.au.



6. Accessing your Superannuation

Superannuation benefits are generally preserved for your retirement and access to your superannuation is governed by superannuation legislation and your accumulated benefits cannot be paid to you until you satisfy a condition of release. As super enjoys tax advantages, the law restricts when you are able to access this money. These restrictions are known as 'Preservation rules'. The objectives of these rules are to ensure that your funds are used for their intended purpose which is to provide financial security in retirement.

Until such time that a condition of release is met, your preserved and restricted non-preserved benefit must remain within the superannuation system.

In summary, your superannuation benefit is subject to preservation rules and are only payable in the following circumstances:

- You have reached preservation age and have retired from gainful employment (your preservation age depends on your date of birth – see table below).

Date of Birth	Preservation Age
Before 1 July 1960	55 years
1 July 1960 to 30 June 1961	56 years
1 July 1961 to 30 June 1962	57 years
1 July 1962 to 30 June 1963	58 years
1 July 1963 to 30 June 1964	59 years
From 1 July 1964	60 years

- You have reached 65 years of age (even if you have not retired).
- Upon your death.
- You have permanent incapacity.
- You experience 'severe financial hardship' (limited payments in this circumstance are subject to relevant early release laws).
- You meet the criteria for release of benefits on compassionate grounds and have obtained approval from the ATO.



- An arrangement under which you were gainfully employed has come to an end on or after you reach 60 years of age.
- You are the holder of an expired or cancelled temporary resident visa and you have permanently departed Australia.
- You become terminally ill.

When you satisfy a condition of release, some or all of your benefits may become unrestricted non-preserved benefits. You can withdraw any unrestricted non-preserved benefits at any time. You can choose to withdraw in one or more lump sums.

Go to **www.humanservices.gov.au** for more information on Centrelink's means testing and the implications of lump sum withdrawals.

If you want to receive benefits in the form of an income stream (a pension), rather than a lump sum, you need to transfer (rollover) the balance in your superannuation account to an account or fund which provides a regular income. You can transfer your Capital Guaranteed Super balance to a complying superannuation fund or another RSA.

Capital Guaranteed Pension account is designed for those who want to receive a pension from their Superannuation benefit.

7. How Capital Guarantee Pension accounts work

Once you have commenced a Capital Guaranteed Pension account, you cannot make any additional contributions to your account. You must invest all contributions in a separate super accumulation account. For this reason, contributions are often consolidated before opening a pension account.

Australian Military Bank also offers a Capital Guaranteed Super account which can be used for making other superannuation lump sum contributions. There is no entry cost and no exit fees. For further details, refer to the Capital Guaranteed Super PDS which is available at **www.australianmilitarybank.com.au/superannuation**.

Are you eligible?

A minimum investment amount of \$50,000 is required to open a Capital Guaranteed Pension account.

You can commence a Capital Guaranteed Pension if you have immediate access to your superannuation funds. This means you have met one of the conditions of release, such as:

- You are under age 60 and have reached your preservation age and have retired permanently from the workforce;
- you are aged 65 or older; or
- you have selected the 'Transition to Retirement' option.

Generally, you must be an Australian citizen, New Zealand citizen or permanent resident of Australia to start a pension.

To consolidate other superannuation accounts into your Capital Guaranteed Pension account, call **1300 13 23 28** or go to **www.australianmilitarybank.com.au/superannuation** and complete the Capital Guaranteed Pension application.

Totally and permanently disabled persons may also be eligible to access their accumulated superannuation via our Capital Guaranteed Pension account if they meet the conditions of release required by legislation.



Conditions of release

You must meet at least one of the below conditions of release to allow you to access your superannuation benefit and start a Capital Guaranteed Pension:

- You are aged 55 to 64 and have permanently retired and never intend to work again for more than 10 hours per week; or
- You have reached age 60 or more and ceased a gainfully employment arrangement; or
- You have reached age 65; or
- You have become permanently incapacitated.

How is your money invested

Capital Guaranteed Pension is a cash and fixed interest based investment, managed by Australian Military Bank. It is capital guaranteed, meaning that your investment is protected from negative investment earnings.

You can invest in variable and fixed term options. Please refer to section 8 for further details.

Receiving and accessing your pension

You can nominate the level of income you receive from your Capital Guaranteed Pension account. You are required to draw prescribed minimum pension amount, as outlined in the following table.

These age based pension factors are current at the date of this PDS but are reviewed by the Australian Government from time to time.

For more information go to www.ato.gov.au/super.

The table below outlines the minimum pension payment based on age for 2019–20 to 2022–23 income years (inclusive).

Age of Pension Account Holder	Percentage Factors*
Under 65	2%
65 to 74	2.5%
75 to 79	3%
80 to 84	3.5%
85 to 89	4.5%
90 to 94	5.5%
95 or more	7%

*The minimum annual payment amounts are subject to variation by the Australian Government.



Once your Capital Guaranteed Pension account has commenced in July each year we will notify you the minimum pension payment you are required to take that financial year. You can nominate to draw a specified amount above the minimum pension payment.

If you commence a Capital Guaranteed Pension in June, we are not required to pay you the pro-rata pension for that financial year.

Pension payments

The Capital Guaranteed Pension will make regular payments (monthly, quarterly, half yearly or yearly) to your nominated bank account on either the 15th or 30th day of each month. Your nominated bank account must be held in your name and with a bank or other ADI operating in Australia.

If the pension payment date falls on a weekend or public holiday, the pension payment will be made into your nominated account on the previous working day, meaning you will always receive the funds in your account by your nominated pension payment date.

There is no maximum limit set on the amount that can be drawn each year unless you are in 'Transition to Retirement'.

Lump sum withdrawals

Lump sum withdrawals (withdrawals over and above your regular pension payment) can be requested by completing a Withdrawal form. The form can be obtained by calling us on **1300 13 23 28** or by visiting our website **www.australianmilitarybank.com.au/superannuation**.

The minimum lump sum withdrawal is \$10,000. If your account balance is below \$10,000, you must withdraw the full account balance.

Requests are typically processed and funds deposited into your nominated Australian bank or other ADI account (in your name) within 3 business days. Lump sum withdrawals can have potential impact to your Centrelink entitlements.

You should seek advice from a licensed financial adviser before requesting a lump sum withdrawal.

For more information on Centrelink entitlements, please go to: **www.humanservices.gov.au**.

Transition to retirement (non-commutable income)

If you have reached preservation age, you can rollover your Superannuation into a Non-Commutable Income Stream while continuing to work. This is known as 'Transition to Retirement'. A transition to retirement pension allows you to access a part of your superannuation benefit while continuing to work.

Under the transition to retirement rules, your pension has a maximum drawdown limit of 10% of the account balance in any given financial year.

You should seek advice from a licensed financial adviser before deciding on transition to a retirement account.

For more information on Transition to Retirement please go to: **www.ato.gov.au/super**.



Minimum account balance

The minimum investment amount is \$50,000. If your balance falls below \$2,000, we will automatically close your account and pay the remaining pension benefit (less taxes and fees) to your nominated bank or other ADI account (in your name).

8. Investment and Savings Options

The investment strategy is to invest in a portfolio with a core of cash and fixed interest products. We offer the choice of a variable and a fixed term interest rate. If you do not nominate an investment option, your funds will be automatically invested in the variable interest rate option.

Variable rate

The Capital Guaranteed Pension product offers a tiered interest rate arrangement. As the balance grows and reaches the new tier, the interest calculated is at the new tier rate as long as the Variable Account remains above the tier threshold. Interest is calculated on a daily basis and credited to your account monthly.

Interest rates applying to the Capital Guaranteed Pension account may vary upwards and downwards over time in line with movements in interest rates in the marketplace.

A minimum of 20% of account balance is required to be maintained in variable interest option, this is to cater for pension payment and ad hoc withdrawals.

Fixed rate

A minimum of \$20,000 is required to invest in a fixed term option. We currently offer terms of 12, 24 and 36 months. The interest rate applicable is set by us at the time we accept your funds and is fixed for the agreed term. Interest is calculated on a daily basis and credited to your variable account upon the maturity of your fixed term.

A minimum of 20% of account balance is required to be maintained in the variable interest rate. This means that the fixed rate option may be held at a maximum of 80% of the account balance.

Your term will start from the date Australian Military Bank receives the funds and your instructions. You can request to redeem your fixed term interest rate option before maturity by giving 31 days written notice. If we agree to your request, you will be charged a penalty interest for the period from investment date to redemption date. The penalty interest is the lowest variable interest at the time of termination.

You can obtain information on our current interest rates by contacting us on **1300 13 23 28** or visiting our website at **www.australianmilitarybank.com.au/superannuation**.

Note that interest rates shown are before taxes and government charges are deducted.

You may wish to seek advice about the above investment options from a licensed financial adviser.



9. Fees and costs

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 your fund balance rather than 1% could reduce your 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 additional services justify higher fees and costs.

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) has a superannuation calculator to help you compare different fee options.

This section outlines the fees you may be charged on the Capital Guaranteed Pension Account. These fees are deducted from your account balance.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Information in the 'Fees and costs summary' can be used to compare costs between different superannuation products.

Fees and cost summary

Information in the fees and costs summary can be used to compare costs between different superannuation products.

Ongoing annual fee and costs		
Type of fee	Amount	How and when paid
Administration fees and cost	\$5 per month	Admin fee of \$5 is deducted directly from variable interest in first week of each month.
Investment fees and costs	Nil	Not applicable
Transaction costs	Nil	Not applicable



Member activity related fee and costs		
Type of fee	Amount	How and when paid
Early termination of fixed term option	Penalty Interest	When you break the fixed term, penalty interest will be paid for the period from investment date to redemption date. Penalty interest is the lowest variable interest rate at the time of termination.
Investment switch fee	Nil	Not applicable
Other cost	Nil	Not applicable
Withdrawal and transfers	Nil	Not applicable

Type of fees	\$
Administration Fee	\$5 per month, deducted from variable interest option.
Establishment Fee	Nil
Pension Payment Fee	Nil
Rollover Fee	Nil
Contribution Fee	Nil
Withdrawal fee	Nil
Account Closure Fee	Nil
Investment Switch Fee	Nil
Early Termination of fixed term	When you break the fixed term, penalty interest will be paid for the period from investment date to redemption date. Penalty interest is the lowest variable interest rate at the time of termination.



Example of annual fee and cost

The table below give an example of how the ongoing annual fee and costs for Capital Guaranteed Super can affect your superannuation investment over a period of one year.

You should use this table to compare Capital Guaranteed Super with other superannuation products.

Example	Amount	Balance of \$50,000
Administration fees and costs	\$60 (\$5 per month)	A flat fee of \$5 per month will be charged regardless of the account balance.
PLUS Investment fees and costs	Nil	Not applicable
PLUS Transaction costs	Nil	Not applicable
EQUALS Cost of product*	\$60	If the account balance was \$50,000 at the beginning of the year, then for that year you will be charged \$60 in fees and costs.

* Assume that a balance of \$50,000 is maintained throughout the year.

Additional Explanation Of Fees And Costs

There are no other fees and cost for our Capital Guaranteed Pension account.

Keep in mind that the level of fees and costs can change from time to time. Australian Military Bank will always notify you in advance of any fee change. We also reserve the right to debit your account with any applicable government charges that may be introduced. We will notify you if we do this.

Changing Our Fees

We can change the fees we charge any time without your consent. You will be given at least 30 days' notice. A significant event notice will be published on our website www.australianmilitarybank.com.au

Cooling Off Period

If you have applied for our Capital Guaranteed Pension account and after opening the account you change your mind, you may obtain a refund. To do so, you must write to us requesting a refund. We need to receive the request within 14 days from the earlier of:

- The date when Australian Military Bank provides you with confirmation of your account being opened; or
- The end of the fifth day after the date on which your account is opened.

During this time you have a right to close your Capital Guaranteed Pension. In this circumstance you will have to transfer the balance to another RSA or complying superannuation fund.



10. How a Capital Super Pension account is taxed

The taxation information in this PDS is a general summary of relevant legislation and is subject to change. For further information about the taxation on superannuation please go to **www.ato.gov.au**.

The Australian Government provides a range of incentives to encourage people to be self-sufficient in retirement. Tax concessions and other government benefits generally make account based pensions one of the best vehicles to invest and receive a retirement income stream.

Generally no tax is payable when you transfer your superannuation into a Capital Guaranteed Pension account except from an untaxed superannuation fund.

The investment earnings are not taxed inside a pension account therefore delivering higher net returns. However the investment returns on Transition to Retirement (TTR) pension accounts will be taxed up to 15%.

For persons over the age of 60, pension payments received from their Capital Guaranteed Pension account is tax free and does not need to be declared as assessable income.

If you withdraw lump sums ('cash out') from your account, any tax payable will depend on the taxable and tax free components within your superannuation and your age. Generally, if you are over 60 years of age and make a withdrawal from super, you don't pay tax.

You should seek professional advice on tax matters.

For information about how tax applies to pensions, investment earnings and withdrawals go to: **www.ato.gov.au/super**.

Centrelink offers a free Financial Information Service which can assist you in understanding the social security implications of account based pensions. Call Centrelink on **13 23 00**.

Taxation on death benefits

The tax payable on death benefit depends whether

- The recipient is classified as a Dependent under taxation law
- It is paid as a lump sum or income stream
- The benefit is tax free or taxable component
- The age of the deceased and the recipient

For further information please seek advice from a qualified taxation adviser or go to **www.ato.gov.au**.



11. Complaints and dispute resolution process

If you feel that we have not met your expectations, or you are dissatisfied with our product or service please let us know. You can lodge a complaint with us via one of the following methods

- By visiting your local branch
- Calling our Member Experience Centre on 1300 13 23 28
- email: complaints@australianmilitarybank.com.au
- By mailing your complaint to: PO Box H151 Australia Square NSW 1215

Any grievances will be first directed to our Member Resolutions team, who will undertake an investigation to assess the grounds for complaint and the relief sought by the complainant.

We have 45 days to respond to your complaint, by law. However, if you are unhappy with our response, then you may be able to take your complaint to the Australian Financial Complaints Authority (AFCA).

AFCA is an independent body set up by the Federal Government to assist account holders and their estates to resolve certain types of complaints with a RSA provider. The tribunal may be able to assist you resolve your complaint, however only if you and the institution have made a genuine effort to resolve the dispute through the institutions' own complaint process.

AFCA can be contacted as follows

Website: www.afca.org.au

Phone: 1800 931 678 (free call)

Email: info@afca.org.au

Post: GPO Box 3, Melbourne VIC 3001

For more information on Australian Military Bank's complaints process see www.australianmilitarybank.com.au or go to www.afca.org.au.

12. Changes to this PDS

The information provided in this PDS is current at the time of publication, however information in this PDS may change from time to time.

Where the new information is materially adverse, we will either issue a new PDS or a supplementary PDS for all Capital Guaranteed Superannuation account holders.

Where the new information is not materially adverse we will not issue a new PDS or supplementary PDS. However, we will make the information available on our website at www.australianmilitarybank.com.au/superannuation.



13. Privacy

A copy of our Privacy Policy outlining how we handle your personal information can be found on our website at www.australianmilitarybank.com.au/privacy. It sets out how you can ask for access to personal information we hold about you and seek correction of that information. It also explains how you can complain about a breach of the Privacy Act, and how we will deal with your complaint.

We are able to provide you with a copy of this privacy policy on request.

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)*, we are authorized to collect your name, address, date of birth and other information that allows us to verify your identity.

We may use information about you to inform you about products and services (unless you ask us not to).

14. Contact Details

For further information about our products and services or to obtain a hard copy of the PDS, please contact us via the following:

Phone: 1300 13 23 28

Email: super@australianmilitarybank.com.au

Address: PO Box H151, Australia Square NSW 1215

Web: www.australianmilitarybank.com.au/superannuation

15. Steps to open an account

- ☐ **Step 1:** Read this PDS, including the important information referred to in this PDS.
- ☐ **Step 2:** Complete the Capital Guaranteed Pension account application form.
- ☐ **Step 3:** Have a copy of your ID certified as an Original by an Authorised certifier.
- ☐ **Step 4:** Send us the completed application form with your certified ID attached by post to:
PO Box H151, Australia Square NSW 1215

Important note:

You may wish to consider consolidating your superannuation into one fund before transferring super into our Capital Guaranteed Pension account. Once your Capital Guaranteed Pension account commences it cannot accept any further superannuation contributions and a new account would need to be opened instead. Our Capital Guaranteed Super account is an approved rollover account and has no entry and exit fees.

The information in this document is general in nature and doesn't take into account your personal financial situation or needs. You may wish to consult a licensed financial adviser to obtain financial advice that is tailored to suit your personal circumstances



16. Important information about Binding Nominations, Reversionary Beneficiaries and Non-Binding Nominations

In December 2008, changes were made to legislation to allow death benefits to be paid to a broader class of dependents including same-sex spouses and children of those relationships. These changes are reflected below.

What is a binding death nomination?

You can complete a binding death nomination to require that we pay your death benefit to the dependents you nominate or to your legal personal representative. If you complete and we receive your valid binding death nomination prior to your death, we are required to follow your nomination. This can provide you with greater certainty on who will receive your super benefit when you die.

It is important to be aware before completing a binding death nomination that:

- Your binding death nomination must be renewed once every three years. This will lapse if it is not renewed. We will generally contact you before your nomination expires; however, you should always ensure your nomination is current and valid.
- Your binding death nomination is binding on Australian Military Bank and, if valid, cannot be overruled by Australian Military Bank. Accordingly, you should ensure it is always up-to-date and reflects your wishes given your current personal circumstances.
- It is important to review the nomination on a regular basis especially in events such as
 - Marriage or de facto relationship
 - Separation or divorce
 - Birth of a child
- If you nominate your legal personal representative, your death benefit will be paid to your estate and distributed in accordance with your will or the laws of intestacy. This means that the distribution may be challenged if someone disputes your will or the distribution of your estate. If you nominate your dependents, your death benefit will be paid directly to them.
- Tax may be withheld from your death benefit when paid to your dependents or distributed from your estate. There are differing tax treatments of death benefits depending on how old you are, how old your nominated beneficiaries are and who you nominate and whether it is paid as a pension or lump sum.

To make a valid binding death nomination:

- You must be at least 18 years of age;
- You must complete, in writing, the binding death nomination form available on our website or by calling us;
- By law, your nomination will only be valid if you nominate a person(s) that is at the time of your death your dependent or your legal representative;
- You must complete the full name and date of birth of each person nominated to ensure we can identify them in the event of your death;
- You must ensure that the proportion payable to each person nominated is stated and you have allocated 100% of your death benefit;



- Your nomination must not be ambiguous in any other way;
- You must sign the binding death nomination form in the presence of two witnesses who are both at least 18 years of age and are not nominated on the form; and
- You must send and we must receive your validly completed nomination prior to your death.

You may amend, renew or revoke your nomination at any time by completing a new nomination form, available on our website or by calling us.

Reversionary beneficiary nominations

When you commence your pension under Capital Guaranteed Pension account, you are able to nominate on the application form a reversionary beneficiary to receive your pension when you die. You may only nominate a dependent as your reversionary beneficiary.

This in effect nominates this reversionary beneficiary as the owner of the pension when you die. Accordingly, this reversionary beneficiary nomination will take precedence over any subsequent non-binding nomination or binding death nomination. If you wish to add or change your reversionary beneficiary you will generally need to complete a new application form.

Non-binding nominations

When you commence your Capital Guaranteed Super account you are able to make a non-binding nomination on the application form to tell us who you would like to receive your death benefit when you die. You may only nominate your dependents or your legal personal representative.

A non-binding nomination will indicate your preference for beneficiaries. It is important to assist us in determining who should receive your money. However, the trustee would have absolute discretion to pay your money to your dependent(s) or your legal personal representative (estate) but will take into your account your nomination.

If you would like to consider a more binding form of nomination, please consider appointing a reversionary beneficiary or making a binding death nomination. The subsequent nomination of a reversionary beneficiary or completion of a valid binding death nomination will supersede any previous non-binding nomination you have made.

Who can you nominate?

A valid binding death nomination can only nominate your legal personal representative or your dependents.

Your legal personal representative is the person appointed on your death as the executor or administrator of your estate.

Your dependents are:

- Your current spouse, this includes the person at your death to whom you are married or with whom you are in a de facto relationship, whether of the same sex or a different sex, or in a relationship that is registered under a law of a State or Territory.
- Your child, this includes any person who at your death is your natural, step, adopted, ex-nuptial or current spouse's child, including a child who was born through artificial conception procedures or under surrogacy arrangements with your current or then spouse.



- Any person financially dependent on you, this includes any person who at your death is wholly or partially financially dependent on you. Generally, this is the case if the person receives financial assistance or maintenance from you on a regular basis that the person relies or is dependent on to maintain their standard of living at the time of your death.
- Any person with whom you have an interdependent relationship, this includes any person who at your death:
 - you have a close personal relationship with and you live together;
 - you or this person provides the other with financial support; and
 - you or this person provides the other with domestic support and personal care.

The relationship is not required to meet the last three conditions, if the reason these requirements cannot be met is because you or the other person is suffering from a disability.

In establishing whether such a relationship exists, all of the circumstances of the relationship are taken into account, including (where relevant):

- The duration of the relationship;
- Whether or not a sexual relationship exists;
- The ownership, use and acquisition of property;
- The degree of mutual commitment to a shared life;
- The care and support of children;
- The reputation and public aspects of the relationship (such as whether the relationship is publicly acknowledged);
- The degree of emotional support;
- The extent to which the relationship is one of mere convenience; and
- Any evidence suggesting that the parties intended the relationship to be permanent.

If you are considering relying on this category or dependency to nominate a person, you should consider completing a statutory declaration addressing these points as evidence of whether such a relationship exists. You should talk to your financial adviser for more information.

Paying Your Death Benefit

At the time of your death, we will contact the people you have nominated in your binding death nomination or non-binding nomination to ensure that they are still either a dependent or your legal personal representative or that your reversionary beneficiary is a dependent. We will also request for certified copy of photo id for the nominated beneficiary or your personal legal representative before we process and pay out your death benefit claim.

If you have nominated one or more of your dependents, they may be provided the choice of taking their proportion of the death benefit as a lump sum cash payment or a pension from our Capital Guaranteed Pension. Please note, however, that from 1 July 2007 if you have nominated a child, the death benefit must be paid to them as a lump sum cash payment unless the child:

- Is under age 18,
- Is under age 25 and is financially dependent on you, or
- Has a certain type of disability.



If your child's personal circumstances change so that they no longer meet one of these exceptions, we will pay the remaining account balance to them as a lump sum cash payment.

A PDS describing the features of a pension from our Capital Guaranteed Pension is available on our website or by calling us.

No valid binding death nomination or reversionary beneficiary

Your death benefit will be paid to your legal personal representative if:

- At the time of your death, you have not completed or we have not received a valid binding death nomination or reversionary beneficiary nomination;
- You have revoked your last binding death nomination or it has lapsed;
- Your nominated reversionary beneficiary cannot be identified or is not a dependent at the time of your death, the people you have nominated on your binding death nomination cannot be identified or are not at the time of your death your dependent or legal personal representative; or
- Australian Military Bank determines that your binding death nomination or reversionary beneficiary nomination is otherwise invalid.

This is general information only and does not take into account your personal circumstances. Please talk to your financial adviser for more information on binding death nominations and your personal estate planning needs.



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