



# Retirement Income Pension

# RI Allocated Pension and Transition to Retirement Pension

**Product Information Booklet** 

To request this document in an alternative format such as Braille, call us on 13 43 72 or use our Live chat service at gesb.wa.gov.au.



# Contents

| 1.  | About us  | 3  |
|-----|---|----|
| 2.  | Product overview  | 4  |
| 3.  | Choosing your annual pension income                                 | 8  |
| 4.  | How long will your Retirement Income<br>Pension last?               | 9  |
| 5.  | Fees and other costs for our Retirement<br>Income Pension           | 10 |
| 6.  | How we invest your money  | 15 |
| 7.  | Understanding risk and return                                       | 19 |
| 8.  | Responsible investing   | 21 |
| 9.  | Unit prices   | 25 |
| 10. | Investment plans  | 27 |
| 11. | Choosing an investment plan   | 28 |
| 12. | Tax-effective investing   | 34 |
| 13. | Estate planning   | 36 |
| 14. | Your Centrelink and Department of<br>Veterans' Affairs entitlements | 38 |
| 15. | Keeping you informed  | 39 |
| 16. | Privacy   | 40 |
| 17. | Resolving a complaint   | 40 |
| 18. | Glossary  | 41 |
| 19. | Proof of identity   | 43 |
| 20. | Confirming your bank account details                                | 44 |
| 21. | How to open a Retirement Income Pension                             | 45 |
| 22. | Forms   | 46 |

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#### Issued by

The Government Employees Superannuation Board (GESB) ABN 43 418 292 917

#### **Important note**

This Product Information Booklet (PIB) is issued by the Government Employees Superannuation Board ('GESB', 'we', 'us' or 'our') which manages the Retirement Income Pension in the Government Employees Superannuation Fund (GES Fund). This PIB summarises important information and contains references to other important documents that relate to the Retirement Income Pension. You should read this PIB (and any additional documents referred to within this PIB) before you complete the application form and make a decision to invest in a Retirement Income Pension.

The Retirement Income Pension is administered by GESB in accordance with the *State Superannuation Act 2000 (WA)* and the *State Superannuation Regulations 2001 (WA)* and any ministerial guidelines or directions issued by the Treasurer of Western Australian (collectively the State Super laws). If there is a conflict between this PIB and the State Super laws, the State Super laws will prevail.

The information contained in this brochure is of a general nature, and does not constitute legal, taxation or personal financial advice. In providing this information, we have not considered your personal circumstances including your investment objectives, financial situation or needs. We are not licensed to provide financial product advice. Before acting or relying on any of the information in this brochure, you should review your personal circumstances, and assess whether the information is appropriate for you. You should read this brochure in conjunction with the relevant disclosure documents at gesb.wa.gov.au/brochures. You may also wish to seek advice specific to your personal circumstances from a suitably qualified adviser.

Our employees and directors receive salaries and/or benefits from us.

No investment managers of the investment plans are responsible for any statements or representations made in this PIB, unless expressly stated otherwise. We do not guarantee the performance of the GES Fund, the investment plans or any particular rate of return. The repayment of capital is not guaranteed.

The information in this PIB is up-to-date as at 27 September 2023 but may change from time to time. Visit our website at gesb.wa.gov.au or call your Member Services Centre on 13 43 72 for any updates to the information printed in this PIB. We will issue a replacement document if there are any materially adverse omissions or changes to the information in this PIB. If you need a printed copy of any updated information this will be provided to you at no cost.

This PIB provides you with information about being a member of GESB's Retirement Income Pension and making the most of your account. It includes:

- The features, benefits, options and significant risks of investing in a Retirement Income Pension, including the RI Allocated Pension and the Transition to Retirement Pension
- Fees and costs associated with investing in this product
- Information on our investment strategies
- How to choose an investment plan that matches your investment strategy
- Information on our privacy policy and complaint resolution process
- P This icon will guide you to more information you may find useful within this document.
- This icon identifies other information which you may find useful when reading this PIB. It is important that you read and consider all the information relating to Retirement Income Pension before making any decisions.

# 1. About us

At GESB, we have over 80 years' experience managing the super savings of current and former WA public sector employees. With around 245,000 members and over \$36 billion in funds under management (as at 31 August 2023), we're the largest super fund in WA<sup>1</sup>. To learn more about who we are, visit gesb.wa.gov.au/about.

# Why consider a Retirement Income Pension?

A Retirement Income Pension can be taken as either:

- An RI Allocated Pension a standard allocated (account-based) pension product
- A Transition to Retirement Pension a 'transition to retirement income stream' (TRIS) product as defined in the Superannuation Industry (Supervision) Regulations 1994 (Cth), for people who want to access their superannuation as an income stream while still working

#### It's flexible

You've worked hard to build up your super savings throughout your working life. As you reach or near retirement, a Retirement Income Pension converts your super into flexible income that's paid to you. You can choose to receive income monthly, quarterly or annually and you can alter payments to meet your changing lifestyle needs, subject to minimum and maximum<sup>2</sup> limits.

#### How does a Retirement Income Pension work?

With a Retirement Income Pension, you could:

- Receive your super benefits
- Invest that money in a choice of investment options
- Have a regular income stream based on minimum and maximum amounts prescribed by the government

#### You have a choice

Once your money has been removed from the super environment, it's important to maximise the income from the lump sum you have accumulated. You'll also need it to be accessible for spending during your retirement years.

You could choose to spend amounts of your super early on in your retirement, but you may find it won't stretch to provide financial support later in life when you need it most. You could also choose to invest your lump sum outside super, but you may have to pay tax on the earnings (including interest).

If you choose to transfer your super into an RI Allocated Pension, you can receive a tax-effective income stream while you get on with enjoying your retirement years. Similar to your salary when you were working, your pension income is paid into a nominated bank account, so payments will be fast, automatic and convenient.

In addition to an income stream, you can also withdraw lump sums of \$1,000 or more at any time over the life of your investment<sup>3</sup>.

# Why consider a Transition to Retirement Pension?

A Transition to Retirement Pension within a Retirement Income Pension has nearly all of the same features and benefits of an RI Allocated Pension. It also gives you the opportunity to:

- Increase your income by receiving an income stream from an allocated pension as well as your normal salary
- Increase your super by continuing to work and sacrificing some of your salary in to super
- Reduce your hours without reducing your income

#### Important things to consider:

- Investment earnings in a Transition to Retirement Pension are not tax exempt. Tax is generally applied up to a rate of 15% and will be reflected in the unit price for each Transition to Retirement Pension investment plan
- You cannot make lump-sum withdrawals from a Transition to Retirement Pension
- A maximum of 10% of your Transition to Retirement Pension account balance can be taken as income per annum (up to age 65). When you turn 65, you satisfy a condition of release, which means your Transition to Retirement Pension will be automatically converted to our RI Allocated Pension and the limits no longer apply
- The transfer balance cap (being \$1.9 million<sup>4</sup> for people who start a retirement phase income stream for the first time on or after 1 July 2023) doesn't apply to a Transition to Retirement Pension

# Differences between a Transition to Retirement Pension and an RI Allocated Pension

|                               | Transition to Retirement Pension  | RI Allocated Pension  |
|-------------------------------|---|---|
| Lump-sum withdrawals          | You cannot make lump-sum withdrawals.   | You can make lump-sum withdrawals.  |
| Transfer balance cap          | No transfer balance cap applies.  | A transfer balance cap (being \$1.9 million <sup>4</sup> for people<br>who start a retirement phase income stream for the<br>first time on or after 1 July 2023) applies on the total<br>amount of accumulated super that you can transfer to<br>or hold in tax-free retirement accounts. |
| Maximum pension<br>amount     | Maximum amount of 10% of your account balance<br>can be drawn in a financial year (set by the<br>Commonwealth Government).                            | No maximum amount applies.  |
| Tax on investment<br>earnings | Tax is generally applied up to a rate of 15% and will<br>be reflected in the unit price for each Transition to<br>Retirement Pension investment plan. | No tax applies to investment earnings.  |

1 Research Solutions, Member and employer satisfaction research, 2022 and SuperRatings 2023 Annual Benchmarking Report.

2 Transition to Retirement Pension only.

3 Provided that at least \$1,000 remains in your account balance, unless your account is to be closed.

4 This is indexed periodically in line with the consumer price index (CPI), rounded down to the nearest \$100,000.

A Retirement Income Pension may be suitable for your situation if you meet the criteria below:

- You are retired and want a regular income stream, or want to continue working using a transition to retirement strategy
- You have a super benefit that can be accessed immediately

# Find out if you're eligible

You may be eligible to open a Retirement Income Pension (i.e. an RI Allocated Pension or a Transition to Retirement Pension) when you have access to a lump-sum benefit from a GESB scheme or another super fund, after satisfying a relevant condition of release. These include permanently retiring after reaching your Commonwealth preservation age, meeting the transition to retirement requirements (see information further in this section), and early release of your super due to total and permanent disability.

Your preservation age is dependent on your date of birth. The following preservation ages apply:

| Your 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               |

There is a minimum entry amount of \$30,000 for opening your first Retirement Income Pension account. Only super money that you can access immediately can be transferred to a Retirement Income Pension. Provided your first Retirement Income Pension account remains open, you may open subsequent Retirement Income Pension accounts with a minimum opening balance of \$10,000. If you have closed your first account, then you will need to transfer a minimum of \$30,000 to a new account.

There is also a Commonwealth Government transfer balance cap on the amount of money that can be transferred to retirement accounts (excluding transition to retirement accounts). This means the total value attributed to your allocated pensions and other complying pensions (such as lifetime annuities) as at 30 June 2017, plus the value of any new pensions that start after that date, cannot exceed the cap. As the cap applies in respect of amounts transferred to retirement accounts, subsequent earnings, losses and drawdowns on those amounts will not be counted towards the cap. If you do exceed the cap, you may need to withdraw funds from one or more of these accounts and pay tax on the notional earnings related to that excess. The general transfer balance cap is \$1.9 million<sup>5</sup> for the 2023/24 financial year. If you start a retirement phase income stream for the first time on or after 1 July 2023,

your transfer balance cap is \$1.9 million. If you had a retirement phase income stream before 1 July 2023, proportional indexation may apply which means your cap will be \$1.6 million, up to \$1.9 million, depending on your personal circumstances. The Australian Taxation Office (ATO) will calculate your entitlement to indexation and your transfer balance cap after indexation. You can check your cap on your ATO online services account through myGov at my.gov.au.

For more information on the transfer balance cap, please visit the ATO website at ato.gov.au/individuals/super.

# Benefits of investing in a Retirement Income Pension

With a Retirement Income Pension, you may be able to:

- Choose how much income you're paid each year, subject to limits set by the Commonwealth Government, and your account balance
- Make lump-sum<sup>6</sup> withdrawals of \$1,000 or more at any time
- Receive payments directly into your nominated bank account monthly, quarterly or annually (you can change how often you're paid at any stage)
- Have the flexibility to choose which investment plan your money is invested in
- Enjoy tax concessions your pension payments and lump-sum withdrawals are tax free if you're aged 60 or over (lump-sum withdrawals only apply to the RI Allocated Pension)
- Have convenient access to your account online through Member Online at mol.gesb.wa.gov.au, or by calling your Member Services Centre on 13 43 72

# Choose your investment plan

For an RI Allocated Pension, you can select one of five Readymade investment plans: Growth plan, Sustainable Balanced plan, Balanced plan, Conservative plan and Cash plan. Or you can choose Mix Your plan if you want to choose your own mix of asset classes. You can also select a combination of Cash and one other Readymade investment plan.

For a Transition to Retirement (TTR) Pension, you can select one of four Readymade investment plans: Growth plan TTR, Balanced plan TTR, Conservative plan TTR and Cash plan TTR. Or you can choose the Mix Your plan TTR.

For help choosing an investment plan, use our 'Selecting your investment plan' tool at gesb.wa.gov.au/investmenttool.

We use experienced investment professionals to manage a global investment portfolio, who focus on consistently delivering strong long-term investment returns that meet objectives.

<sup>5</sup> This is indexed periodically in line with the consumer price index (CPI), rounded down to the nearest \$100,000.

<sup>6</sup> Lump-sum withdrawals are not applicable for the Transition to Retirement Pension.

### Choose your income

A Retirement Income Pension turns your super into a tax-effective regular income, paid monthly, quarterly or annually<sup>7</sup>. You can change how often you're paid at any stage.

You can choose how much income you're paid, subject to limits set by the Commonwealth Government. Investment returns also impact this.

You can vary your chosen annual income to an amount above the minimum legal limit, according to your investment earnings and your income needs.

In addition to your income stream, you can also withdraw lump sums<sup>8</sup> of \$1,000 or more, as long as at least \$1,000 remains in your account (unless your account is to be closed).

Pension payments are made into a bank account in your name. Payments cannot be made to a mortgage account with no redraw facility, a credit card, an overseas account, or third-party account (such as a business account, 'trading as' or trust account). Payments are made on, or before, the 15th day of the month(s) that you choose for payment.

### Nominate your beneficiary or beneficiaries

You have two options to nominate beneficiaries for your allocated pension account so the funds go to the people you want to benefit when you pass away. You can make a binding death nomination, which allows you to nominate multiple beneficiaries who will receive your benefit as a lump-sum payment after you pass away. Or you can nominate a reversionary beneficiary who will continue to receive payments from your allocated pension after you pass away.

For more information, see the 'Estate planning' section on page 36.

#### Fees

As a not-for-profit member-focused organisation, we offer value for money products and services. Our fees are below the industry median<sup>9</sup>. The annual fee you pay covers investment and administration costs. The cost of managing different investments varies, so the total fee will differ depending on which investment plan you choose.

Please see page 10 for further details of what these fees are and when they might apply.

# **Transition to Retirement Pension**

You don't have to retire to access your super savings. If you've reached your preservation age, you can open a Transition to Retirement Pension. A Transition to Retirement Pension allows you to access your super as an income stream while you're still working. You don't have to reduce your work hours, but you may choose to, to better align your work with your lifestyle, health or family priorities.

If you do reduce your hours, the income you receive from your super benefits will help to make up for any loss of salary. If you still want to work the same hours, you may consider using a Transition to Retirement Pension to increase your income, or to maximise your retirement savings through salary sacrifice. There may be some tax benefits for you; however, we recommend you seek personal financial advice before making a decision.

For more information on salary sacrifice, including contributions caps and tax, visit gesb.wa.gov.au/factsheets to read the 'Salary sacrifice' fact sheet relevant to your scheme. The best way to find out which of our schemes you're in is to check your last member statement. You can also call your Member Services Centre on 13 43 72.

#### You can't make lump-sum cash withdrawals

A Transition to Retirement Pension does not allow lump-sum cash withdrawals, so it's also known as a non-commutable income stream. Your Transition to Retirement Pension will be set up in one of our Transition to Retirement (TTR) investment plans, and you'll be subject to the minimum and maximum pension limits. You won't be able to take lump-sum payments from this account, but once you retire you'll be able to review your options and consider setting up a regular RI Allocated Pension.

#### Automatic transfer to our RI Allocated Pension

When you turn 65 you satisfy a condition of release, which means your Transition to Retirement Pension will be automatically converted to our RI Allocated Pension, and your investment earnings will no longer be taxed.

Your balance will then count towards your personal transfer balance cap (being \$1.9 million<sup>10</sup> if you start a retirement phase income stream for the first time on or after 1 July 2023). Your Transition to Retirement Pension investment plan will be switched to the corresponding RI Allocated Pension investment plan, unless you inform us otherwise.

If you retire, suffer permanent incapacity, or are diagnosed with a terminal medical condition before you reach 65, you will also meet a condition of release, but you'll need to contact us to update your account and have it transferred to our RI Allocated Pension.

For more information on our Transition to Retirement Pension, visit gesb.wa.gov.au/factsheets to read the relevant 'Transition to retirement' fact sheet.

7 In default of nomination, monthly payments are made.

- 8 Lump-sum withdrawals are not applicable for the Transition to Retirement Pension.
- 9 SuperRatings Smart database as at 31 March 2023.
- 10 This is indexed periodically in line with the consumer price index (CPI), rounded down to the nearest \$100,000.

# Consolidate super from your other funds

If you consolidate, or roll in, all your super money into the account you hold with us before investing in a Retirement Income Pension account, you may be able to save on multiple fees and simplify your finances.

We'll arrange the easy transfer of your super at no cost to you, but we can't guarantee that you won't be charged other fees by your other funds. You should also check what effect this may have on your rights and entitlements (including any insurance cover) in your other funds.

# Important to note when opening a Retirement Income Pension

You may also be able to contribute other savings into your super account before you transfer to a Retirement Income Pension. Once your Retirement Income Pension account is opened, Commonwealth Government restrictions prevent you from adding any extra contributions or rolling in money from other funds. However, provided your first Retirement Income Pension account remains open, you may open subsequent Retirement Income Pension accounts with a minimum opening balance of \$10,000. If you've closed your first account, then you'll need to transfer a minimum of \$30,000 to a new account.

#### Transfer balance cap

The transfer balance cap applies to the total amount of accumulated super that you can transfer into tax-free retirement accounts. It doesn't matter how many accounts you hold – the cap applies to the total value attributed to your accounts as at 30 June 2017, plus the value of any new pension accounts that start after that date. As the cap applies in respect of amounts transferred to retirement accounts, subsequent earnings, losses and drawdowns on those amounts will not be counted towards the cap. Transition to retirement pensions are not included in the transfer balance cap.

If you start a retirement phase income stream for the first time on or after 1 July 2023, the cap amount is \$1.9 million<sup>11</sup>, and can be held across multiple retirement accounts, as long as the total remains below the cap. If you had a retirement phase income stream before 1 July 2023, proportional indexation may apply which means your cap will be \$1.6 million up to \$1.9 million, depending on your personal circumstances. If you exceed your cap, you may need to withdraw funds from one or more of these accounts and pay tax on the notional earnings related to that excess.

While there's a limit on the amount of super that can be transferred to a tax-free retirement account, this does not affect the amount of savings you can have in your accumulation super account. Any super you have above your cap can remain in your accumulation super account or be taken as lump-sum payments.

For more information, please visit the ATO's website at ato.gov.au/individuals/super.

### Withdraw additional money

#### **RI Allocated Pension**

If you need to access more money over and above your chosen income stream – for example, to fund the purchase of a new car or an overseas trip – you can withdraw a lump sum of \$1,000 or more from your account, provided that a balance of at least \$1,000 remains (unless your account is to be closed).

If you're under 60 years of age, any lump-sum withdrawals may affect the tax treatment of your pension payments.

#### **Transition to Retirement Pension**

If you open a Transition to Retirement Pension, the maximum amount you can drawdown each year is 10% of your account balance, which is calculated at the start of each financial year. Generally, lump-sum withdrawals are not allowed, however, when you satisfy a condition of release with a nil cashing restriction (for example permanently retiring after you reach your preservation age<sup>12</sup>), you may be able to make lump-sum withdrawals.

# Age pension entitlements and other Centrelink payments

If you're eligible to receive Centrelink payments, you can receive an income up to certain limits without these payments being reduced. The total balance of your Retirement Income Pension will be taken into account by Centrelink and/or the Department of Veterans' Affairs in determining your entitlements. However, investing in a Retirement Income Pension may have less of an impact on your entitlements than other investment alternatives, because special conditions apply to account-based income streams.

See the 'Centrelink and Department of Veterans' Affairs entitlements' section on page 38 for more information.

#### **Important note**

Allocated pensions opened from 1 January 2015 are assessed in accordance with the deeming rules by Centrelink and/or the Department of Veterans' Affairs for the purposes of the Income Test. The rules also apply if you change pension products or buy a new pension product after 1 January 2015.

Information in this PIB about Centrelink entitlements is correct as at the issue date of this PIB. Information relating to Centrelink entitlements may change. Before making any decisions, we suggest you call the Centrelink Financial Information Service on 13 23 00 and speak to a Financial Information Service Officer, or you can visit the Services Australia website at servicesaustralia.gov.au.

<sup>11</sup> This amount will be indexed periodically in \$100,000 increments in line with the Consumer Price Index.

<sup>12</sup> Your Commonwealth preservation age is dependent on your date of birth. For more information on your preservation age, read our 'Accessing your super' brochure available at gesb.wa.gov.au/brochures.

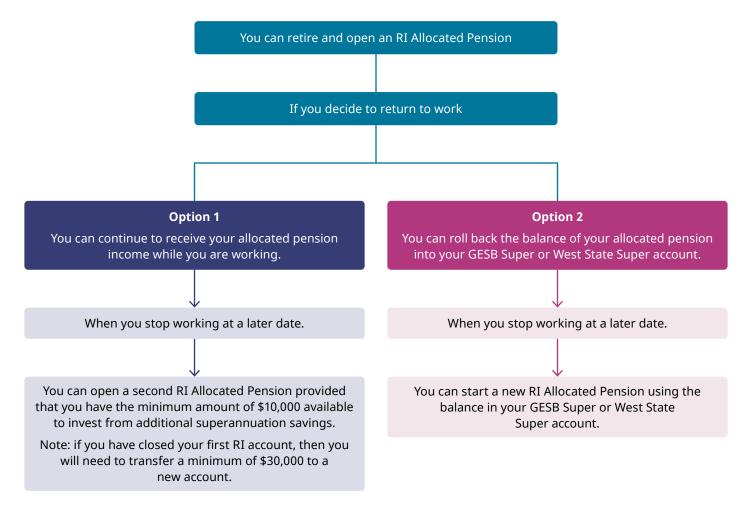
# **Return to work**

If you decide to return to work after opening an RI Allocated Pension, you have a few options.

**Option 1**: You can keep your account and continue to receive your pension income.

**Option 2**: You can choose to roll the balance of your allocated pension back into you super account and start a new pension when you stop working at a later date.

These two options are illustrated in the diagram below:



**Choosing option 1:** You may choose to adjust your annual pension payment amount, subject to your minimum annual amount. Once you stop working again, you may transfer your accumulated super to a second Retirement Income Pension account, provided your original Retirement Income Pension account remains open and you have the required minimum balance of \$10,000.

If you've closed your first RI account, then you'll need to transfer a minimum of \$30,000 to a new account.

**Choosing option 2:** If you're considering this option, there may be implications on your available personal transfer balance cap.

Visit the ATO's website at ato.gov.au/super for more information. You should seek professional financial advice for your personal circumstances to discuss these and other options.

# 3. Choosing your annual pension income

When deciding how much pension income you'll need, it may help to think about:

- Your lifestyle and annual expenses
- Other income you may receive
- Your partner's income
- How long you want your income to last

Subject to the payment limits set by the Commonwealth Government, you can choose your level of income. You may change your pension amount as your circumstances change. Minimum annual pension limits are determined by simply multiplying your Retirement Income Pension account balance at the start of the financial year (or on joining in your first year) by the appropriate percentage for your age. This also applies on a pro-rata basis if you're in your first year of joining.

You should seek professional advice that takes into account your personal circumstances when deciding what pension income is appropriate for you.

### Minimum annual pension payments

| Age          | Default minimum drawdown rates (%) |
|--------------|------------------------------------|
| Under 65     | 4                                  |
| 65–74        | 5                                  |
| 75–79        | 6                                  |
| 80-84        | 7                                  |
| 85-89        | 9                                  |
| 90-94        | 11                                 |
| 95 and older | 14                                 |

# Pension limits for Transition to Retirement Pensions

Restrictions apply to the maximum amount that can be withdrawn from a Transition to Retirement Pension. To start a Transition to Retirement Pension, you must have reached your preservation age. Transition to Retirement Pension rules allow no more than 10% of the account balance (at the start of each financial year or on joining in your first year) to be withdrawn in any one year. The maximum limit is not subject to pro-rata limits in the initial year of joining.

Call your Member Services Centre on 13 43 72 to find out more about the minimum and maximum annual pension payment amounts that apply to you.

# Example – RI Allocated Pension

Chris is 60 years old and has \$200,000 to invest in an RI Allocated Pension on 1 July 2023. His pension amounts for the year are calculated below using the minimum annual pension payment. You can determine your minimum payment limit by adding your own details into the table, in the space provided.

| Chris' details   | Chris                          | Your details   | You |
|--|--------------------------------|--|-----|
| Account balance (A)  | \$200,000                      | Your account balance (A)   |     |
| Chris' age (years) (B)   | 60                             | Your age (years) (B)   |     |
| Minimum annual pension payment (C)<br>(from previous table)  | 4%                             | Your minimum annual pension payment<br>(C) (from previous table)   |     |
| Chris' minimum annual pension income<br>Chris must receive a pension income of at<br>least this amount for this financial year | \$200,000<br>x 4% =<br>\$8,000 | Your minimum pension amount<br>(A multiplied by C)<br>You must receive a pension income of at<br>least this amount for this financial year |     |

# Example – Transition to Retirement Pension

With a Transition to Retirement Pension, you can select a maximum payment of 10% of your account balance (A) as calculated at the start of each financial year

Chris' maximum pension amount \$200,000 × 10% = \$20,000

Your maximum pension amount

× 10% = \$

# Other important information

We are required to pay you a percentage of your pension balance as a minimum pension payment on at least an annual basis. If you open your Retirement Income Pension account part way through the financial year, the minimum pension payment amount will be a pro-rata calculation of the annual minimum pension amount.

The annual minimum pension amount is calculated on your balance as at 1 July each year. We will advise you of your new minimum pension amount and we may need to adjust your payment to make sure it's at, or above, this minimum. If you're receiving an adjusted pension amount, you may need to submit the applicable 'Change of details and pension payment variation' form the following financial year, to ensure you receive the annual minimum pension amount.

Maximum limits apply for Transition to Retirement Pensions.

If you open an account on or after 1 June, you don't have to draw a pension until the next financial year.

You can make a lump-sum withdrawal from your RI Allocated Pension account at any time. If you want to close your account and you have not received the required prorata minimum pension amount up to that time, we need to pay this amount before paying the lump-sum withdrawal.

# Example – RI Allocated Pension

Jane commenced her RI Allocated Pension at age 60 on 1 July 2023. She wanted to withdraw her entire account balance as a lump sum on 31 July 2023 and before any pension payments for the financial year were made. Based on an account balance of \$100,000, Jane will need to receive a pension payment of \$339.73 before the lump-sum withdrawal can be paid.

This is based upon the following calculation:

Minimum annual pension payment x (days in payment period ÷ days in financial year).

Or in Jane's case: (4% of \$100,000) x 31 ÷ 365 days = \$339.73

# 4. How long will your Retirement Income Pension last?

Your balance reduces each time you receive a regular pension payment or a lump-sum withdrawal from your account. You will continue to receive payments until there is no money left in your account.

There is a risk that your money will not last for the rest of your life.

How long your Retirement Income Pension lasts will depend on:

- · How much money you initially invest
- The investment returns of your chosen investment plan(s) and the volatility of those returns
- The pension income amount you choose
- Any lump-sum withdrawals you make (RI Allocated Pension only)
- Fees and costs paid

# Reasons to seek financial advice

The length of time your Retirement Income Pension will last isn't guaranteed, so you should seek financial advice to select a level of income that is appropriate for you.

You should also seek financial advice about how the Retirement Income Pension may affect your entitlements to social security benefits.

It's also important to be aware that your investment returns will be influenced by economic and market conditions. This means that your investment could increase or decrease in value.

To estimate how long your pension may last, visit gesb.wa.gov.au/calculators to use our 'Retirement planning calculator'.



# 5. Fees and other costs for our Retirement Income Pension

# **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 your account 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 better member services justify higher fees and costs. You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask your fund or your financial adviser<sup>13</sup>.

### 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) Moneysmart website, moneysmart.gov.au, has a superannuation fee calculator to help you check out different fee options.

### Fees and other costs

This section shows fees and other costs you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment or from the assets of the superannuation entity as a whole.

Other fees, such as activity fees, and advice fees for personal advice may also be charged, but these will depend on the nature of the activity, or advice chosen by you. Entry and exit fees cannot be charged.

Taxes are set out in another part of this document (see the 'Tax-effective investing' section on page 34).

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

The fees and other costs for each RI Allocated Pension or Transition to Retirement Pension investment option we offer are in the 'Cost of product information' section on page 13.

<sup>13</sup> The above wording is required by law. However, the statement concerning the possibility to negotiate fees and discuss the negotiated fees with your financial adviser is not applicable to GESB's Retirement Income Pension. For further information, call your Member Services Centre on 13 43 72.



| Type of fee or cost  | Amount  | How and when paid   |
|--|---|---|
| Ongoing annual fees a  | nd costs <sup>14</sup>  |   |
| Administration fees  | Nil   | Not applicable  |
| <b>and costs</b><br>The fee for managing<br>your account             |   | Costs incurred that relate to the administration and<br>operation of the Retirement Income Pension and are not<br>otherwise charged as a fee mentioned in this table are<br>deducted from the fund assets before the daily unit<br>price is calculated. The administration fee is noted as nil<br>because it is not a separate fee and is included in the<br>'Investment fees and costs' shown below. |
| Investment fees and costs <sup>15</sup>                              | Estimated to be between 0.18% p.a.<br>and 0.53% p.a. of the value of your<br>investment, depending on which<br>investment plan you choose in the<br>RI Allocated Pension and the<br>Transition to Retirement Pension. | Fees and costs that relate to the investment of assets<br>that are not charged directly to your account as an<br>administration fee or other fee. These costs are<br>deducted from the fund assets, before the unit price is<br>calculated on a daily basis.  |
| Transaction costs  | Estimated to be between 0% p.a.<br>and 0.14% p.a. of the value of your  | Transaction costs are costs incurred when assets are bought and sold.   |
|  | investment, depending on which<br>investment plan you choose in the<br>RI Allocated Pension and the<br>Transition to Retirement Pension.  | Transaction costs are incurred over the course of the year and disclosed as a percentage of the average assets of the relevant investment option <sup>16</sup> .  |
| Member activity relate   | d fees and costs  |   |
| Buy-sell spread  | Nil   | Not applicable  |
| <b>Switching fee</b><br>The fee for changing<br>your investment plan | Nil   | Not applicable  |
| Other fees and costs   |   | Other fees and costs such as activity fees, advice fees or<br>insurance fees may apply. Please refer to the 'Additional<br>explanation of fees and costs' section on page 13 and 14.  |

14 If your account balance is less than \$6,000 at the end of the financial year, certain fees and costs charged to you in relation to administration and investment are capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

15 Investment fees and costs includes an amount of 0% p.a. to 0.06% p.a. for performance fees. The calculation basis for this amount is set out under 'Additional explanation of fees and costs.' It is an annual percentage fee which covers the cost of managing the fund's investments including a proportion allocated to risk reserves.

16 Transaction costs include items such as brokerage fees, buy – sell spread and settlement costs.

# Example of annual fees and costs for the Balanced plan

This table gives an example of how fees and costs in the Balanced plan for this product can affect your investment over one year. You should use this table to compare this product with other superannuation allocated pension products.

The example uses a constant account balance of \$50,000 invested in the RI Allocated Pension Balanced plan over one year. What it costs you will depend on which investment plan you choose.

#### Example of annual fees and costs - the RI Allocated Pension Balanced plan

| Amount   | Balance of \$50,000   |
|--|---|
| Nil  | Not applicable  |
| What would otherwise be an<br>administration fee of 0.12% p.a. for the<br>Balanced plan is included in the<br>investment fees and costs – see below. | For every \$50,000 you have in your Balanced plan,<br>you will be charged or have deducted from your<br>investment \$0 in administration fees and costs.                  |
| 0.47% p.a.   | Not applicable  |
|  | <b>and</b> , you will be charged or have deducted from your investment \$235 in investment fees and costs.  |
| 0.06% p.a.   | and, you will be charged or have deducted from your   |
|  | investment \$30 in transaction costs.   |
|  | If your balance was \$50,000 at the beginning of the  |
|  | year, then for that year you will be charged fees and costs of <b>\$265</b> for the Balanced plan.  |
|  | Nil<br>What would otherwise be an<br>administration fee of 0.12% p.a. for the<br>Balanced plan is included in the<br>investment fees and costs – see below.<br>0.47% p.a. |

Note: additional fees may apply.

Example – Maria, Michael, Chris and David are all current RI Allocated Pension members with different balances. They have each invested in the Balanced plan. Here are the fees they pay in one year, assuming their balance remains constant<sup>17</sup>.

| DI Allocated Dension Delenard alen | Investment<br>fees and | Maria    | Mishaal  | Chuic     | David     |
|------------------------------------|------------------------|----------|----------|-----------|-----------|
| RI Allocated Pension Balanced plan | costs                  | Maria    | Michael  | Chris     | David     |
| Account balance                    |                        | \$30,000 | \$50,000 | \$100,000 | \$200,000 |
| Administration fees and costs      | Nil                    | \$0      | \$0      | \$0       | \$0       |
| Plus Investment fees and costs     | 0.47% p.a.             | \$141    | \$235    | \$470     | \$940     |
| Plus Transaction costs             | 0.06% p.a.             | \$18     | \$30     | \$60      | \$120     |
| Equals Total cost of Balanced plan | 0.53% <sup>18</sup>    | \$159    | \$265    | \$530     | \$1,060   |

17 Additional fees for particular activities may apply.

18 Estimated total fee for the RI Allocated Pension Balanced plan.

# **Cost of product information**

The cost of managing different investments varies, so the total fee will differ for each investment plan. For example, investment costs for the Cash plan/Cash plan TTR or Conservative plan/Conservative plan TTR will be lower than those for the Growth plan/Growth plan TTR because growth assets are typically more complex and expensive to manage.

The following table contains our estimate of the cost of managing your investment for each investment plan. These estimates are based on indirect costs for the 2022/23 financial year and may change from year to year.

| RI Allocated Pension/Transition<br>to Retirement Pension<br>investment plans | Administration<br>cost (% p.a.) | Transaction<br>costs<br>(% p.a.) | Cost for<br>managing<br>your<br>investment<br>(% p.a.) | Performance<br>fee <sup>19</sup> (% p.a.)<br>included in the<br>estimated cost<br>for managing your<br>investment | <b>Total fee (%p.a.)</b><br>Administration<br>cost + transaction<br>costs + estimated<br>cost for managing<br>your investment |
|--|---------------------------------|----------------------------------|--|---|---|
| Readymade plans  |                                 |                                  |  |   |   |
| Growth/Growth TTR  | 0.12                            | 0.08                             | 0.40   | 0.06  | 0.60  |
| Sustainable Balanced   | 0.12                            | 0.14                             | 0.41   | 0   | 0.67  |
| Balanced/Balanced TTR  | 0.12                            | 0.06                             | 0.35   | 0.05  | 0.53  |
| Conservative/Conservative TTR  | 0.12                            | 0.04                             | 0.26   | 0.02  | 0.42  |
| Cash/Cash TTR  | 0.12                            | 0                                | 0.06   | 0   | 0.18  |
| Mix Your plan  |                                 |                                  |  |   |   |
| Australian Shares/Australian<br>Shares TTR                                   | 0.12                            | 0.08                             | 0.27   | 0.01  | 0.47  |
| International Shares/<br>International Shares TTR                            | 0.12                            | 0.06                             | 0.20   | 0   | 0.38  |
| Property/Property TTR  | 0.12                            | 0.03                             | 0.35   | 0   | 0.50  |
| Fixed Interest/Fixed Interest TTR  | 0.12                            | 0.02                             | 0.18   | 0   | 0.32  |
| Cash/Cash TTR  | 0.12                            | 0                                | 0.06   | 0   | 0.18  |

Note: transaction costs are included in the estimated total fee figures but are separate to the investment fees and costs, as shown in the table on the previous page.

# Additional explanation of fees and costs

#### Performance fees

Performance fees may be paid to some of our external investment managers if the investment return on the assets they manage exceeds their agreed performance targets. Performance fees have an impact on the amount of investment management fees paid, which is reflected within the investment fees and costs.

Performance fees are typically calculated as a percentage of the amount by which the investment manager exceeds the performance targets and are deducted from investment plan returns before the unit price is calculated on a daily basis. The estimated performance fees payable to the external investment managers are included in the previous table. These estimates are based on performance fees for the 2022/23 financial year and may change from year to year.

#### Тах

Taxes may apply. Please refer to the 'Tax-effective investing' section on page 34 of this document for more information.

#### Advice fees – Retirement Options Service

This is a fee of \$350, which is to be paid before your Retirement Options Service appointment. Payment options are:

- Authorise GESB to deduct the fee directly from your eligible super or retirement income account<sup>20</sup>, by completing an 'Authority to deduct' form
- Pay the fee directly from your nominated cheque or savings account, or by debit or credit card

If you have a joint appointment with another GESB member (e.g. your partner), where both accounts will be discussed, you will be given a double appointment (120 minutes) and each member will be charged an individual fee (the total fee amount can't be paid out of one member's account).

If you have an appointment and bring someone with you who is not a GESB member (e.g. your partner), only a single session will be arranged, and one fee charged (as this service is not available to non-members).

#### **Transaction costs**

Transaction costs are costs incurred when we or our investment managers buy or sell investments, including such costs incurred in or by an interposed vehicle. They may include costs such as brokerage, settlement costs (including settlement related custody costs), bid-ask spreads, stamp duty on investment transaction costs and clearing costs, and buy-sell costs for our underlying investments (where applicable). Transaction costs do not include borrowing costs or property operating costs.

<sup>19</sup> The estimated performance fees shown are calculated by combining the estimated performance fees charged by the underlying investment managers for each of the investment options listed above.

<sup>20</sup> GESB Super, West State Super, RI Allocated Pension, Transition to Retirement Pension and RI Term Allocated Pension are eligible accounts.

The buy-sell costs of our underlying investments are not passed on to you as a fee to be paid to us or an external manager, as no buy-sell spread is currently applied directly to your RI Allocated Pension or Transition to Retirement Pension account. However, buy-sell costs will reduce the returns on your selected investments.

Where the amount needed to buy an investment exceeds the price that it would be disposed of at that time, the difference is the bid-ask spread. The bid-ask spread is an implicit transactional and operational cost.

All explicit transaction costs are included in the 'Transaction costs' for each investment plan. Transaction costs are an additional cost to you and are deducted from the fund's underlying assets before the daily unit price is calculated. The latest estimated explicit transaction costs range from 0.00% p.a. to 0.14% p.a. of the value of your investment, depending on the individual investment plan and are based on the actual information available and/or reasonable estimates. Transaction costs may vary from year to year.

#### **Buy-sell spreads**

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

No buy-sell spread currently applies to your Retirement Income Pension accounts.

#### We may make changes to the fees we charge

We reserve the right to review and change the fees in this section without your consent to ensure the structure and level of fees is appropriate, including any additional costs resulting from any government taxes or statutory charges.

We'll always let you know about any changes through our website at gesb.wa.gov.au or through your member statement.

### **Defined fees**

#### Activity fees

A fee is an activity fee if:

- a) The fee relates to costs incurred by GESB that are directly related to an activity of GESB:
  - 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 administration fees and costs, transaction costs, investment fees and costs, a buy-sell spread, a switching fee, an advice fee or an insurance fee

#### Administration fees and costs

Administration fees and costs are fees and costs that relate to the administration or operation of the RI Allocated Pension or Transition to Retirement Pension and includes costs incurred by the superannuation entity that:

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

No administration fees apply to your Retirement Income Pension accounts.

#### **Advice fees**

A fee is an advice fee if:

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

#### **Buy-sell spreads**

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

#### Exit fees

An exit fee is a fee, other than a buy-sell spread, that relates to the disposal of all or part of a member's interests in the superannuation entity.

No exit fees apply to your Retirement Income Pension accounts.

#### Investment fees and costs

Investment fees and costs are fees and costs that relate to the investment of the assets of the Retirement Income Pension accounts and include:

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

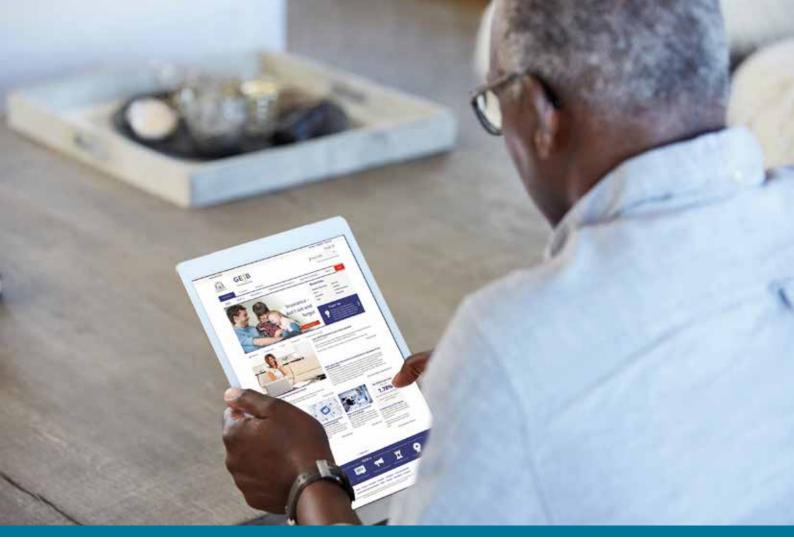
A fee is applied that would ordinarily be regarded as an investment fee under the above description, which varies depending on the investment plan that applies to your RI Allocated Pension or Transition to Retirement Pension account. However, this fee is deducted from the relevant investment plan's assets before the daily unit price is calculated. The fee is therefore not a separate investment fee charged to you and is captured within the investment fees and costs.

#### Switching fees

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

We do not charge switching fees for your Retirement Income Pension accounts.

For more information, please call your Member Services Centre on 13 43 72.



# 6. How we invest your money

In this section, we've outlined some investment basics to help explain how your money is invested.

# Asset classes

We invest your money across the following broad asset classes: Cash, Fixed Interest, Shares, Property, Infrastructure, Alternatives and Private Equity. Within these broad asset classes, there are a number of geographic or sector focuses such as Australian and International Shares, or listed and unlisted Property.

Based on historical experience and future expectations, each of these asset classes has different expected levels of risk along with different expected returns. This is often reflected in their description as being either 'growth' (generally higher risk and return) or 'defensive' (generally lower risk and return) assets, or a combination of the two.

Growth assets have historically produced higher returns and have historically outpaced the inflation rate over the long term<sup>21</sup>. However, with higher expected returns comes increased risk, and growth assets can exhibit high levels of volatility in their returns. Returns may also be negative, reducing the value of the investment. Shares and Property are examples of growth assets.

Historically, defensive assets have tended to produce lower returns over the long term when compared to growth assets. However, defensive assets also tend to have relatively lower risk and exhibit lower levels of volatility. Cash and Fixed Interest are examples of defensive assets.

# Asset class description

The general characteristics of each asset class that we invest in are described below.

|                | Description  | Return/risk<br>characteristics   | How we invest   |
|----------------|--|--|---|
| Shares         | Shares (or Equities)<br>represent an ownership<br>stake in a company.<br>Companies issue Shares to<br>raise money, which is used to<br>fund and grow the company<br>with the view to earning<br>profits. When you own<br>Shares, you generally receive<br>a portion of the company's<br>profits, which may be<br>returned to you as dividends.   | Shares are typically bought<br>and sold through stock<br>markets, so the price of a<br>company's Shares can<br>fluctuate significantly.<br>Historically, Shares have<br>shown the highest returns of<br>all traditional asset classes<br>over the long term. Shares<br>over the long term are<br>generally expected to<br>provide higher returns but<br>with higher risk than Cash,<br>Fixed Interest or Property.<br>However, they are also<br>expected to experience<br>greater volatility or likelihood<br>of experiencing negative<br>returns.   | We invest in Shares traded<br>on Australian and overseas<br>stock markets.  |
| Private Equity | Private Equity represents an<br>ownership stake in<br>companies which are not<br>traded on a public stock<br>exchange. These can include<br>start-up companies and<br>more established firms. The<br>money invested could be<br>used in a range of ways,<br>including buying other<br>companies, launching or<br>expanding companies<br>(venture capital) and<br>growing existing companies<br>(growth capital).<br>Private Equity investments<br>are typically illiquid, which<br>means the investment may<br>not be sold as quickly as<br>investments traded on public<br>stock exchanges. | Private Equity investments<br>are usually expected to<br>achieve higher returns than<br>traditional assets such as<br>Cash, Fixed Interest and<br>Property. Risks include<br>exposure to companies that<br>may have higher levels of<br>debt, are in their start-up<br>phase or are smaller than<br>companies that are typically<br>listed on a stock market. This<br>asset class can carry higher<br>risks than listed Shares and<br>the investments tend to be<br>illiquid and held for longer<br>periods. Private Equity<br>returns can also be<br>influenced by different<br>factors to those affecting<br>traditional assets. | We invest in Private Equity<br>by investing in unlisted<br>Australian Shares, unlisted<br>International Shares and<br>certain types of unlisted<br>Property and debt. |

|                | Description   | Return/risk<br>characteristics   | How we invest  |
|----------------|---|--|--|
| Property       | Property investments allow<br>investors to directly or<br>indirectly own land and<br>buildings.<br>Indirect investment provides<br>ownership of these types of<br>assets through listed and<br>unlisted Property trusts.<br>Property assets can include<br>retail (such as shopping<br>centres), industrial (such as<br>warehouses and factories),<br>office properties, hotels and<br>housing. | Historically, Property has<br>demonstrated a tendency to<br>be slightly less volatile than<br>Shares and has produced<br>medium-to-high returns over<br>the long term. Property also<br>has medium-to-high levels of<br>risk and can be volatile in the<br>short term.<br>When Property investments<br>are listed on a public stock<br>exchange, they can be as<br>volatile, or in some instances<br>more volatile, than Shares. | We invest in listed Property<br>trusts that trade on<br>Australian and overseas<br>stock markets. We also invest<br>in unlisted Property trusts<br>that are not traded on stock<br>markets. We do not invest in<br>direct property assets.<br>Note the Mix Your plan<br>Property option generally<br>only invests in listed<br>Property investments. |
| Infrastructure | Infrastructure represents<br>physical facilities needed to<br>support the operation of a<br>country or economy, for<br>example roads, transport,<br>utilities, airports and<br>buildings.   | Given the long-term nature<br>and typically contracted<br>revenue of the underlying<br>assets, Infrastructure aims<br>to generate low-to-medium<br>returns with less volatility<br>than asset classes such as<br>Shares. Risk and return can<br>vary depending on the type<br>of project, but generally<br>Infrastructure risk is<br>considered to be moderate<br>to high.   | We invest in a range of<br>Infrastructure assets which<br>can include unlisted<br>portfolios of Australian and<br>overseas Infrastructure<br>assets and listed<br>Infrastructure investments<br>which are traded on<br>Australian and overseas<br>stock markets.   |
| Alternatives   | Alternative investments<br>include absolute<br>return funds, private debt,<br>high-yield debt,<br>insurance-linked securities<br>and financial derivatives.<br>This category can also<br>include investment<br>strategies to gain exposure<br>to traditional asset classes<br>using innovative investment<br>approaches.  | <ul> <li>The broad range of asset<br/>classes and strategies in this<br/>category means that the risk<br/>and return characteristics of<br/>Alternative investments vary<br/>widely, but in general:</li> <li>Alternative investments<br/>can be more complex and<br/>less liquid compared to<br/>the traditional<br/>asset classes</li> <li>The risk profile is usually<br/>considered to be<br/>moderate to high</li> </ul>    | We invest in a range of<br>Alternative investments.<br>We distinguish between<br>lower risk 'Defensive'<br>Alternatives and moderate-<br>to-high risk 'Medium Risk'<br>Alternatives for asset<br>allocation purposes.  |

|                | Description  | Return/risk<br>characteristics   | How we invest   |
|----------------|--|--|---|
| Fixed Interest | Fixed Interest securities<br>(including Bonds and floating<br>rate debt investments)<br>typically represent a loan<br>arrangement between the<br>owners and issuers of the<br>securities. Governments and<br>companies issue debt<br>securities (for example<br>Bonds and loans) to raise<br>money. Other debt<br>investments can be backed<br>by portfolios of assets such<br>as mortgages. The owners of<br>debt securities are typically<br>entitled to receive regular<br>interest payments from the<br>issuer at a pre-determined<br>or inflation-linked interest<br>rate, plus a lump-sum<br>repayment of the principal at<br>the end of the term. | Fixed Interest securities and<br>loans can be bought and<br>sold by investors, so market<br>prices may fluctuate because<br>of various market forces.<br>Historically, Fixed Interest<br>securities and debt<br>investments have produced<br>lower returns than Shares<br>over the long term, but with<br>less volatility. Generally, this<br>asset class has a lower level<br>of risk, but this really<br>depends on the nature of the<br>debt issuer and of the debt<br>securities themselves.<br>Issuers with poorer credit<br>ratings can offer a higher<br>rate of return, however, this<br>is often accompanied by a<br>higher risk of the issuer<br>defaulting on repayment of<br>the debt. | We invest in a range of Fixed<br>Interest securities, including<br>those with fixed or floating<br>rates and inflation-linked<br>interest rate securities issued<br>by Australian and overseas<br>governments, corporations<br>and asset-backed investment<br>vehicles. |
| Cash           | Cash investments can<br>include assets known as<br>at-call and term bank<br>deposits, bank bills, and<br>investments in short-term<br>debt securities issued by<br>governments, banks and<br>other highly-rated<br>corporations.   | Historically, Cash has<br>produced the lowest long-<br>term returns of all asset<br>classes, but generally offers<br>the highest level of stability<br>in the short term. Cash tends<br>to have a lower investment<br>risk level with fairly stable<br>returns.  | We invest in a range of bank<br>deposits and short-term<br>debt securities issued by<br>Australian governments and<br>corporations.   |

 $\wp$  Refer to the glossary for an additional explanation of terms.

### How we mix asset classes

We invest in a mixture of defensive and growth asset classes to give you a choice of investment plans. The growth asset classes have historically provided returns that have outpaced inflation by a greater margin in the long term. In turn, this helps your account balance grow. However, these asset classes generally involve a greater likelihood of negative returns in the shorter term, which can reduce your account balance.

The more defensive asset classes help to smooth out the fluctuations in returns of the growth asset classes.

Note: past performance is not a reliable indicator of future performance.



# 7. Understanding risk and return

'Return' can be defined as the gain or loss in the value of your investment over any period of time. 'Risk' can be broadly defined as the chance the return will be different from what you expected.

The relationship between risk and return can be represented by a trade-off. In theory, the more risk you take, the greater the potential return should be in order to compensate you for that risk. However, this is not always the case as the potential for higher returns comes with an increased likelihood of loss, particularly in the shorter term.

Risk and return are closely related when it comes to investing. Generally speaking, the higher the potential return from an asset over time, the higher the potential risk.

The Association of Superannuation Funds of Australia (ASFA) and the Financial Services Council (FSC) have created the 'Standard Risk Measure' (SRM) to help super fund members compare the potential risk of various investment plans<sup>22</sup>.

### What is the Standard Risk Measure?

The SRM was developed based on industry guidance and describes the number of years in any 20-year period a member should reasonably expect a negative return. This allows you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period.

The SRM is not a complete assessment of all forms of investment risk. For instance, it does not detail what the size of a negative return could be or the potential for a positive return to be less than you may need to meet your goals. It also doesn't take into account the impact of administration fees and tax on the likelihood of a negative return. It's important to make sure you are comfortable with the risks and potential losses associated with your chosen investment option(s).

Using the SRM guidelines, we estimate the risk of each investment option based on the expected return and risk characteristics of investments, the likely fluctuation in returns and the relationship between asset classes. Being estimates, the outcomes cannot be guaranteed.

| Investment<br>risk band | Investment risk<br>label | Level of investment<br>risk – estimated<br>number of negative<br>annual returns over<br>any 20-year period |
|-------------------------|--------------------------|--|
| 1                       | Very low                 | Less than 0.5  |
| 2                       | Low                      | 0.5 to less than 1   |
| 3                       | Low to medium            | 1 to less than 2   |
| 4                       | Medium                   | 2 to less than 3   |
| 5                       | Medium to high           | 3 to less than 4   |
| 6                       | High                     | 4 to less than 6   |
| 7                       | Very high                | 6 or greater   |

The SRM for each of our RI Allocated Pension and Transition to Retirement Pension investment plans can be found in the 'Choosing an investment plan' section on page 28.

#### Types of investment risk

There are a variety of risks associated with investing. Changes in market, economic or political conditions, or even investor sentiment, can result in the value of an investment moving up or down. Every type of investment involves some form of risk, and it's important to remember that there is no guarantee you will achieve your expected return, no matter which assets you invest in. Some of the main types of risk are described below and on the following page.

The following risks are significant in terms of investing in a Retirement Income Pension. Please note that these types of risk have the potential to affect different asset classes in different ways.

#### Market risk

The risk of changes in economic, technical, political, legal, or other factors impacting the financial markets and in turn the investment value of your account.

#### **Inflation risk**

The risk that your investment returns are below the inflation rate and therefore your buying power is reduced.

#### **Currency risk**

The risk that the values of foreign currencies rise or fall relative to the Australian dollar and affect the value of your investments.

#### Interest rate risk

The risk that changes in interest rates impact directly or indirectly on the value of your investments.

#### **Credit risk**

The risk that a borrower fails, or is perceived to have an increased risk of failing, to repay its debts. This can reduce the value of the securities issued by that borrower.

#### Liquidity risk

The risk of not being able to readily convert an investment into cash with little or no loss of capital and minimum delay.

#### Counterparty risk

The risk that a party to a contract fails to fulfil its contractual obligations, which can affect the realised value of the assets to which that contract relates.

#### Sequencing risk

The risk of receiving low or negative returns just prior to withdrawals being made from your super.

#### Longevity risk

The risk of the value of your super and other assets being insufficient to provide adequately for the duration of your retirement.

#### Environmental, social and governance risk

The risk that any environmental, social, governance (ESG) factors, including climate risk, may have a negative impact on the financial performance of your investment.

#### **Operational risk**

The risk that inadequate or failed processes, systems or policies will adversely affect the value of your investments.

## **Volatility of returns**

Fluctuations in value of your pension can occur for a variety of reasons, and sometimes these fluctuations can occur quickly. The amount an investment rises or falls over a period of time is referred to as its volatility.

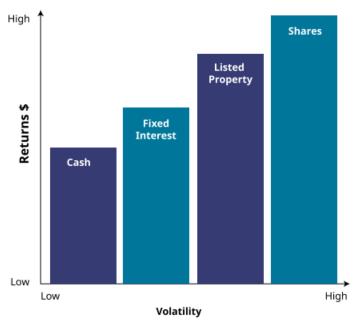
Volatility is an important aspect of the risk of an investment. Shares have a high level of volatility, because Share prices may change in value quickly (even by the minute) and tend to experience many large rises and falls from time to time.

This means if you choose an investment plan with a high proportion of growth assets, such as Shares, there are likely to be some years when you have a negative return and your account balance goes down. From time to time these negative returns can be significant.

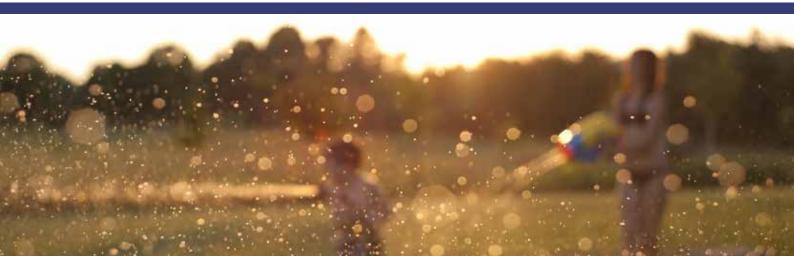
Defensive asset classes can be useful to moderate the volatility that growth assets may experience.

Diversifying an investment portfolio across asset classes can also reduce overall volatility. However, it is important to be aware that defensive asset classes also experience negative returns from time to time.

The graphic below illustrates the trade-off between return and risk. Asset classes which are expected to provide higher long-term returns are also expected to be more volatile, meaning their value is likely to fluctuate significantly (both up and down).



Source: ASIC, 'Investing between the flags', available at moneysmart.gov.au.



# Investment timeframe

Time has an important bearing on your investment outcomes and should be a key consideration when choosing an investment plan.

The important thing to remember when you invest in both growth and defensive assets is that periods of negative returns are to be expected. If you take your money out of an investment when the markets have declined, you may crystallise this loss and not subsequently participate in positive returns should markets recover.

However, if you hold onto your investment over the long term, you may be more likely to recover from the low points, and may outperform those who try to time their buying and selling of assets based on short-term returns. The long-term historic outperformance of growth assets has been achieved despite this short-term volatility.

Just as investing in growth assets may be more likely to result in periods of negative return, there may also be a risk of being too conservative. If you only invest in defensive assets, your investment may not grow faster than inflation over the long term and you may effectively lose buying power, even if you rarely experience low levels of volatility.

To read more about investment timeframes, visit gesb.wa.gov.au/balance.

When considering your investment, it's important to understand that:

- The value of investment plans will go up and down, even in more 'conservative' investment plans
- Returns are not guaranteed and there's a risk that you may lose some of your money
- Those assets with potentially the highest return over the longer term (such as Shares) may also have the highest risk of losing money in the short-to-medium term
- The level of returns will vary
- Past performance is not a reliable indicator of future performance
- · Laws affecting allocated pensions may change

The appropriate level of risk for you will depend on your age, investment timeframe, other assets outside super and how they are invested, and how comfortable you are with the possibility of losing some of your investment in some years.

You should seek professional advice that takes into account your personal circumstances when deciding which investment plan is most appropriate for you.

# 8. Responsible investing

Responsible investing plays an important role in how we manage investments over the long term. When investing on behalf of our members, we are focused on ensuring material investment risks, including environmental, social or governance (ESG) risks and opportunities, are taken into account. ESG risks and opportunities are any factors related to the environment, society or company management which have the potential to impact the long-term sustainability of future investment returns.

Failing to consider ESG factors can lead to mispricing investment risk and poor investment decisions. That's why managing ESG risks and opportunities is an important part of our investment strategy and reflects our Board's duty to consider the risks associated with different kinds of investments.

GESB takes into account labour standards when selecting and managing investments on behalf of members to the extent that they financially affect the investment. This is assessed on a case-by-case basis by appointed investment managers and there is no predetermined view as to how this applies to all investments. Our whole-of-portfolio approach to responsible investing means we look at ESG factors throughout the following stages of the investment process:

- Investment strategy through understanding the impact ESG factors, such as climate change, could have on long-term investment returns and risk
- Portfolio construction through understanding exposures to various ESG risks and opportunities, focusing initially on the Australian and International equity portfolios
- Investment manager selection and monitoring through understanding how external investment managers integrate ESG factors into their investment decisions and monitoring whether they act in a manner consistent with their stated approach
- Company engagement through requesting that external investment managers engage with investee companies and appropriately undertake proxy voting on our behalf
- Engagement with asset consultant(s) through requiring that appointed asset consultant(s) integrate ESG factors into their investment process and advice

To learn more about how we consider and approach ESG factors in our investment process, read our ESG and Responsible Investment Policy at gesb.wa.gov.au/esg.

# **Climate change**

We recognise that climate change and the transition to a low carbon economy are important ESG factors. We are committed to transitioning the portfolio towards net zero emissions by 2050, which is consistent with the goals of the Paris Agreement and in line with the Western Australian Climate Change Policy. To support this position, we have adopted a climate change transition plan. This plan details the intended pathway and metrics to measure our progress towards the targets set, including our interim reduction targets over the medium term for listed equities and unlisted property.

To learn more about how we're planning to meet our climate change goals, read 'Our climate change actions' at gesb.wa.gov.au/climate-change.

#### Portfolio-wide exclusions

As part of our responsible investing approach, we have implemented certain exclusions across the portfolio. We consider portfolio-wide exclusions only when it is determined to be in the best financial interests of members.

As at the date of this document, we do not invest in:

- Tobacco companies that manufacture cigarettes and other tobacco products
- Controversial weapons companies that have any ties to the manufacture of controversial weapons (cluster munitions, landmines, depleted uranium weapons, biological or chemical weapons, blinding lasers, nondetectable fragments and incendiary weapons)
- Nuclear weapons companies that manufacture nuclear weapons (or components of), including nuclear warheads, intercontinental ballistic missiles and ballistic missile submarines

In March 2022 we introduced an additional portfolio exclusion for any equity securities or debt issued by a Russian domiciled company or by the Russian Government. This exclusion does not apply to any investments that are currently held but are unable to be sold.

Please note that these exclusions only apply where we have a dedicated mandate with an investment manager in place (approximately 86% of our funds under management as at the date of this document). They do not apply where we have invested via a pooled fund investment, as it is not practical for us to implement.

Please refer to the ESG and Responsible Investment Policy on our website at gesb.wa.gov.au/esg for more details on the portfolio-wide exclusions.

For details of our full stock holdings for our investment options, visit our website at gesb.wa.gov.au/holdings. This information is updated every six months.

### Sustainable Balanced investment plan

In addition to our responsible investing approach, we offer a Sustainable Balanced investment plan for members who would like to invest their super with a greater focus on ESG considerations.

The Sustainable Balanced investment plan is a Readymade plan which invests across a range of asset classes that are selected to meet stricter ESG criteria and applies additional exclusions.

The plan currently invests in Pendal Sustainable Balanced Fund, which is a pooled fund investment actively managed by appointed investment manager, Pendal Institutional Limited (Pendal).

The Sustainable Balanced plan invests in companies and issuers that are considered by Pendal to demonstrate leading ESG and ethical practices, while managing exposure to those with material involvement in activities that Pendal considers to negatively impact the environment or society.

### **ESG criteria and exclusions**

The ESG criteria adopted by Pendal may result in some industry sectors, companies and issuers being excluded from the portfolio. These exclusions apply to investments within Australian and International Shares, Australian and International Fixed Interest, and Alternatives<sup>23</sup>. Exclusions are applied differently across these asset classes. Exclusions do not currently apply to Cash and Property.

These exclusions are in addition to those adopted across our whole of investment portfolio as detailed in the 'Portfolio-wide exclusions' section on this page.

The exclusions applicable for each asset class within the Sustainable Balanced plan are outlined below and on the following pages. It is important to be aware of how different exclusions and criteria apply across the asset classes.

For details of stock holdings, visit our website at gesb.wa.gov.au/holdings. This information is updated every six months.

# **Australian Shares**

Within Australian Shares, the Sustainable Balanced plan will not invest in companies that:

#### Tobacco

- Produce tobacco (including e-cigarettes and inhalers), or
- Derive 10% or more of their gross revenue from the distribution of tobacco (including e-cigarettes and inhalers), or
- Derive 10% or more of their gross revenue from the supply of goods or services specifically related to the tobacco industry (for example, packaging or promotion)

23 Exclusions are implemented in approximately 100% of Alternatives asset class but this may vary from time to time.

#### Weapons

- Manufacture or distribute controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, incendiary weapons, and white phosphorous weapons); or supply goods or services specifically related to controversial weapons, or
- Manufacture non-controversial weapons or armaments (including civilian firearms or military equipment), or
- Derive 10% or more of their gross revenue from the distribution or retailing of non-controversial weapons or armaments (including civilian firearms or military equipment); or supply goods or services specifically related to non-controversial weapons or armaments

#### **Fossil Fuels**

- Directly extract or explore for fossil fuels (specifically, coal, oil and gas)<sup>24</sup>
- Derive 10% or more of their gross revenue from fossil fuel-based power generation, or from fossil fuel refinement or distribution (coal, oil and gas)<sup>24</sup>, or
- Derive 10% or more of their gross revenue from the provision of supplies or services which relate specifically to fossil fuel extraction or exploration (coal, oil and gas)<sup>24</sup>

#### Alcohol

- Produce alcoholic beverages, or
- Derive 10% or more of their gross revenue from the distribution or retailing of alcoholic beverages

#### Pornography

- Produce pornography, or
- Derive 10% or more of their gross revenue from the distribution or retailing of pornography

#### Uranium

• Derive 10% or more of their gross revenue from directly mining uranium for the purpose of nuclear power generation

#### Logging

 Derive 10% or more of their gross revenue from unsustainable forestry or forest products, including non-Forest Stewardship Council certified forest products or non-Roundtable on Sustainable Palm Oil certified palm oil production

#### Gambling

- Directly manufacture, own or operate gambling facilities, gaming services or other forms of wagering, or
- Derive 10% or more of their gross revenue from the indirect provision of gambling (for example, through telecommunications platforms)

#### **Animal cruelty**

- Directly undertake animal testing for cosmetic products, or
- Directly undertake live animal export

#### **Predatory lending**

 Directly provide products or services with lending practices that are unfair or deceptive to ordinary borrowers, including small amount short-term loans at higher than commercial rates of interest (for example, payday loans, pawn loans or the use of aggressive sales tactics)

#### **Breaches and misconduct**

 Companies which Pendal considers to have been found in significant breaches of social or environmental norms or regulations, or are subject to serious and substantiated allegations of unethical conduct, which Pendal considers have not been remedied or adequately addressed

# **International Shares**

Within International Shares, the Sustainable Balanced plan will not invest in companies that directly:

#### Tobacco

• Produce tobacco (including e-cigarettes and inhalers), or

#### Weapons

 Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, blinding laser weapons, incendiary weapons and/or non-detectable fragments), or

#### **Fossil Fuels**

• Extract or explore for fossil fuels (specifically, coal, oil and natural gas)

Within International Shares, the Sustainable Balanced plan will also not invest in companies which derive 10% of more of their gross revenue directly from:

- Fossil Fuels fossil fuel-based power generation, or from fossil fuel refinement or distribution (coal, oil and gas)<sup>24</sup>
- Alcohol the production of alcoholic beverages
- Gambling the manufacture, ownership or operation of gambling facilities, gaming services or other forms of wagering
- Weapons the manufacture of non-controversial weapons or armaments
- Pornography the manufacture or distribution of pornography
- Uranium the mining of uranium for the purpose of nuclear power generation

### **Australian Fixed Interest**

Within Australian Fixed Interest, the Sustainable Balanced plan will not invest in issuers that:

#### Tobacco

• Produce tobacco (including e-cigarettes and inhalers)

<sup>24</sup> There is an exception, as determined by Pendal, where the option may invest in companies that have a Paris Agreement-aligned transition plan in place and are able to produce climate-related financial disclosure annually which in both cases Pendal considers credible.

#### Weapons

 Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons and/or nondetectable fragments)

Within Australian Fixed Interest, the Sustainable Balanced plan will also not invest in issuers which derive 5% or more of their gross revenue from:

- Fossil Fuels the exploration, extraction or refinement of fossil fuels (specifically coal, oil and gas), or
- · Alcohol the production of alcoholic beverages, or
- Gambling the manufacture or provision of gambling facilities, or
- Weapons the manufacture of non-controversial weapons or armaments, or
- Pornography the manufacture or distribution of pornography, or
- Uranium the direct mining of uranium for the purpose of weapons manufacturing

#### **International Fixed Interest**

Within International Fixed Interest, the Sustainable Balanced plan will not invest in issuers that directly:

#### Tobacco

• Produce tobacco (including e-cigarettes and inhalers)

#### Weapons

 Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons and/or nondetectable fragments)

Within International Fixed Interest, the Sustainable Balanced plan will also not invest in issuers which derive 10% or more of their gross revenue from:

- Fossil Fuels the extraction of thermal coal and oil sands production, or
- · Alcohol the production of alcoholic beverages, or
- Gambling the manufacture or provision of gambling facilities, or
- Weapons the manufacture of non-controversial weapons or armaments, or
- Pornography the manufacture or distribution of pornography, or
- Uranium the direct mining of uranium for the purpose of weapons manufacturing

### Alternatives<sup>25</sup>

Within parts of Alternatives, the Sustainable Balanced plan will not invest in companies and issuers that directly:

#### Tobacco

Produce tobacco (including e-cigarettes and inhalers)

#### Weapons

Manufacture controversial weapons (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments)

Within Alternatives, the Sustainable Balanced plan will also not invest in companies and issuers which derive 10% of more of their gross revenue directly from:

- Fossil Fuels the extraction of thermal coal and oil sands production, or
- Alcohol the production of alcoholic beverages, or
- Gambling the manufacture, ownership or operation of gambling facilities, gaming services or other forms of wagering, or
- Weapons the manufacture of non-controversial weapons or armaments, or
- Pornography the manufacture or distribution of pornography, or
- Uranium the direct mining of uranium for the purpose of nuclear power generation

Note, the use of equity index futures and other derivatives may result in the GESB's Sustainable Balanced plan having indirect exposure to the excluded companies and/or issuers from time to time.

It is important to note that the exclusion of certain sectors and/or investments may impact Sustainable Balanced plan returns when those excluded sectors and/or investments perform well, or poorly.

While all reasonable care has been taken to implement the exclusions applied to the Sustainable Balanced plan, GESB and Pendal cannot guarantee that the criteria will be met at all times. This is because the nature, business operations and conduct of a company may change over time, and publicly available financial or other information used by Pendal is not always comprehensive or up to date.

# Understanding 'unitised' investment plans

Like many other funds, we value accounts using units. When you transfer to an RI Allocated Pension or Transition to Retirement Pension, you purchase units in the investment plan of your choice. The units change in value as the value of the underlying asset classes (which make up the various investment plans) either increase or decrease.

A unit price is determined by dividing the total market value of the assets in each investment plan by the number of units held by members in that investment plan. As the market fluctuates on a daily basis, the total value of the investment plan changes.

#### Our unit prices are calculated daily

The market value of each investment plan is calculated daily. This market value is then divided by the total number of units in each investment plan to arrive at the new unit price. Therefore, the unit price reflects changes in the underlying market value of investments on a daily basis.

The unit prices are calculated net of the management fee. When money is withdrawn for member payments, the required number of units are sold at the unit price applicable at the time the transaction is processed and the number of units on issue is commensurately reduced.

#### Benefits of unit pricing

Unit pricing is a fair and efficient way of determining your account's value and processing transactions in your account.

It has several benefits, including:

- It helps in processing transactions in your account, which is especially important when there are several investment choices available
- No matter which investment plan you have, the value of your account can be calculated relatively quickly and easily
- It makes it easy for you to switch from one investment plan to another

# Forward unit pricing

We typically use a 'forward unit pricing' system to value your investment. This is a widely adopted standard in the funds management and superannuation industry.

Forward unit pricing means the unit price we declare for any given day is based on the value of our assets at the close of business that day. This applies to all transactions in your account, including contributions, rolling funds into or out of your GESB account, and switches between investment plans.

The unit price determines how many units we buy or sell to process your transaction. To learn more about unit prices, visit gesb.wa.gov.au/unitpricingexplained.

# Example

Danielle transfers funds to an RI Allocated Pension and invests \$50,000 in the Growth plan. If the current unit price for the Growth plan on establishment date is \$1.0000, Danielle's investment will purchase a total of 50,000.00 units.

#### Buying units: \$50,000 ÷ \$1.0000 = 50,000.00 units

The reverse applies when Danielle redeems funds from her account, such as when exiting an investment plan to move to another or withdrawing funds from the investment. The units redeemed are determined by dividing the payment amount by the current unit price for that investment option.

For example, Danielle wants to withdraw \$2,000 from her RI Allocated Pension. If the current unit price for the Growth plan is \$1.1574, Danielle will redeem a total of 1728.0111 units<sup>26</sup>.

Selling units: \$2,000 ÷ \$1.1574 = 1728.0111 units

# Where to find the current unit price

As unit prices change daily, you can review the unit price history of your chosen investment plan, or any other investment plans, at gesb.wa.gov.au/unitprices.

From time to time, unit prices and transactions may be suspended and new prices may be calculated. This would most likely happen where there has been a material movement in the value of an asset class, and it is considered necessary to suspend unit prices and transactions in order to ensure fairness among our members.

Our Board has the discretion to depart from the unit pricing calculation policy when deemed necessary. This may include the adoption of historical pricing in particular cases. If our Board uses this discretion, we will let you know the details, including the date it occurred, what discretion was used and why on our website at gesb.wa.gov.au/unitprices.



An RI Allocated Pension and Transition to Retirement Pension give you the freedom to choose an investment plan that suits your personal circumstances.

# Readymade investment plans

#### **RI Allocated Pension Readymade plans**

You can select from five Readymade investment plans designed by us:

- Growth plan
- Sustainable Balanced plan
- Balanced plan
- Conservative plan
- Cash plan

# Transition to Retirement (TTR) Pension Readymade investment plans

You can select from four Readymade investment plans designed by us:

- Growth plan TTR
- Balanced plan TTR
- Conservative plan TTR
- Cash plan TTR

Each of these Readymade investment plans has a different asset allocation. We've carefully selected these plans to serve the differing return and risk profiles of our members. From time to time, we adjust the proportions invested in each asset class within defined parameters to ensure the mix remains relevant to current market conditions.

# Mix Your plan

Our Mix Your plan option may be suitable if you want to take a hands-on approach to your super by determining your own asset mix.

Mix Your plan offers a choice of options and allows you to select any single asset class, or a mixture in multiples of 5%.

#### **RI Allocated Pension options include:**

- Australian Shares
- International Shares
- Property
- Fixed Interest
- Cash

#### Transition to Retirement Pension (TTR) options include:

- Australian Shares TTR
- International Shares TTR
- Property TTR
- Fixed Interest TTR
- Cash TTR

All Mix Your plan strategies contain a small allocation to Cash for liquidity purposes.

Mix Your plan Fixed Interest/Fixed Interest TTR invests in Investment Grade Bonds.

If you select Mix Your plan, it's important to check your investment mix is on track from time to time, because the mix you choose could 'drift' as markets fluctuate.

For example, if the Australian Shares/Australian Shares TTR component of your super outperforms other asset classes, your asset allocation will increasingly be weighted to Australian Shares/Australian Shares TTR. Rebalancing ensures the percentage held in each asset class remains the same over time.

### How to choose your investment plan

You have three options when choosing to invest:

# Option 1. Choose one Readymade investment plan to apply to the whole account

# Option 2. Choose to invest some of your money in the Cash plan and the remainder in another Readymade plan

If you choose this option, you can opt to have your pension drawn from the two investment plans in a certain order – for example the Cash plan/Cash plan TTR first. Or you can choose a percentage of your pension payment to be drawn from each investment plan. If there are insufficient funds in the investment plan you specified, then the remainder of the pension payment will be paid from your other investment plan.

Over time, the amount of money in each investment plan will reduce as regular pension payments are paid. From time to time, you might want to review the amounts in your investment plans and switch money between them.

# Option 3. Select Mix Your plan and choose your own mix of asset classes

If you select the Mix Your plan option, you can choose the order or the percentage of drawdown from each of the chosen asset classes from which your pension is paid. If you want to maintain the percentage that you've selected, you'll need to ensure you have sufficient funds invested in your selected asset classes.

You may also need to perform an investment switch from time to time, as we do not rebalance investment holdings in member accounts. If you have insufficient funds in the asset classes from which you're drawing your pension, the remaining pension payment will be redistributed across your holdings in other asset classes.

You should seek professional advice that takes into account your personal circumstances when making a decision about which investment option and plan is appropriate for you.

For help choosing an investment plan, visit gesb.wa.gov.au/investmenttool to use our 'Selecting your investment plan' tool.

# **Default investment option**

If you don't choose an investment plan, your pension will be automatically invested in the RI Allocated Pension Balanced plan or Transition to Retirement Pension Balanced plan TTR, depending on which type of Retirement Income Pension you have.

# Readymade investment plans

|   | Growth plan/Growth plan   | TTR       | Sustainable Balanced plan   |  |
|---|---|-----------|---|--|
| Who might choose it?  | This might suit you if you can accept a<br>wide range of returns (both positive<br>and negative) from year to year, for<br>an increased likelihood of stronger<br>long-term earnings. |           | This might suit you if you wa<br>invest with a greater focus of<br>environmental, social and go<br>considerations by managing<br>to certain industries. Also, a<br>of fluctuation in investment<br>from year to year should be<br>for an increased likelihood of<br>earnings. Refer to section 8<br>on what exclusions are impli-<br>for this option. | on<br>overnance<br>g exposures<br>high level<br>returns<br>accepted,<br>of strong<br>for details |
| Investment return objective <sup>27</sup>   | To achieve a return of CPI <sup>28</sup><br>over rolling 10-year periods  |           | To achieve a return of CPI <sup>28</sup><br>p.a. over rolling 7-year perio  |  |
| Investment risk label <sup>29</sup>   | High  |           | High  |  |
| Investment risk band <sup>29</sup>  | 6   |           | 6   |  |
| Minimum investment timeframe  | 10 years  |           | 7 years   |  |
| Level of investment risk – estimated<br>number of negative returns over<br>any 20-year period <sup>29</sup> | Less than 6   |           | Less than 5   |  |
| Benchmark index   | Composite Index <sup>30</sup>   |           | Composite Index <sup>30</sup>   |  |
|   |   |           |   |  |
| Growth/Defensive split <sup>31</sup>  | 83/17   |           | 72/28   |  |
| Growth/Defensive split <sup>31</sup><br>The Strategic Asset Allocation (SAA)<br>approved 3 August 2023      | · · · ·   |           | •   |  |
| The Strategic Asset Allocation (SAA)  | · · · ·   | Allowable | •   | Allowable  |

Note 1. The Strategic Asset Allocation (SAA) and other information provided above is current and is based on the current Treasurer's Prudential Guidelines for Investments which were approved on 3 August 2023.

Note 2. The cost of managing different investments varies, so the investment fees and costs are different for each investment plan. For example, investment costs for the Cash plan/Cash TTR plan or Conservative plan/Conservative plan TTR will be lower than those for a Growth plan/Growth plan TTR, as growth assets are typically more complex and more expensive to manage. For more information, refer to the 'Fees and other costs' section on page 10.

Note 3. The SAA is a target allocation. The actual allocation may vary over time within the approved range.

#### Balanced plan/Balanced plan TTR

This might suit you if you can accept a moderate level of fluctuation in investment returns from year to year, for an increased likelihood of moderate to strong earnings.

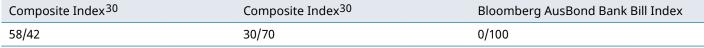
#### Conservative plan/Conservative plan TTR

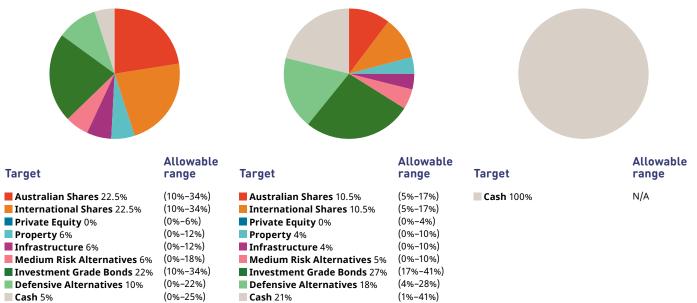
This might suit you if you want some of your money invested in Shares and Property for an increased likelihood of achieving some growth, but you're looking for fairly stable earnings from year to year.

#### Cash plan/Cash plan TTR

This might suit you if you want to protect the value of your investment in the short-term, rather than seeking long-term growth.

| To achieve a return of CPI <sup>28</sup> +3.0% p.a.<br>over rolling 7-year periods | To achieve a return of CPI <sup>28</sup> +2.0% p.a.<br>over rolling 5-year periods | At least the Bloomberg AusBond Bank<br>Bill Index over rolling 12-month periods |
|--|--|---|
| Medium to high   | Medium   | Very low  |
| 5  | 4  | 1   |
| 7 years  | 5 years  | Around 12 months  |
| Less than 4  | Less than 3  | Less than 0.5   |





27 The investment return objective is the investment return all Readymade plans will seek to achieve after investment fees and taxes except for Cash, which will seek to achieve a return after investment fees only.

28 Consumer Price Index.

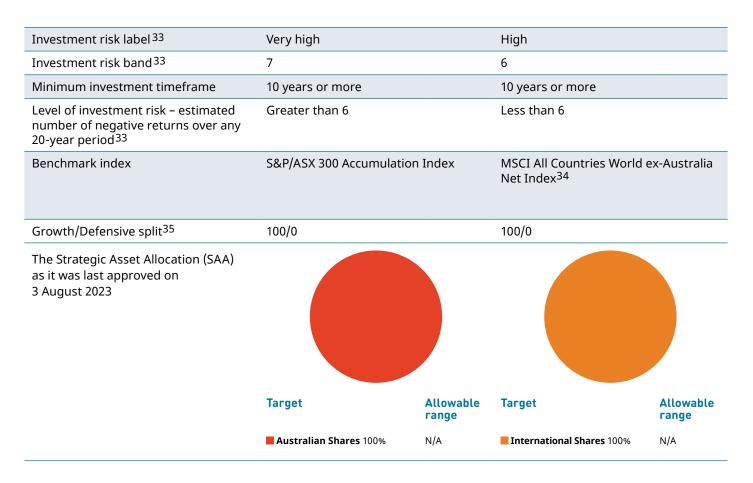
29 Based on the Standard Risk Measure.

30 Composite Index comprising the following indices for each asset class in proportion to the investment plan's Strategic Asset Allocation: Cash – Bloomberg AusBond Bank Bill Index; Defensive Alternatives – Bloomberg AusBond Bank Bill Index + 1.75%; Investment Grade Bonds – 50% Barclays Global Aggregate ex-CNY Index (hedged into Australian dollars) and 50% Bloomberg AusBond Composite 0+ Yr Index; Global Listed Property – FTSE EPRA/NAREIT Developed Net Total Return Index, hedged into Australian dollars; Australian Shares – S&P/ASX 300 Accumulation Index; International Shares – MSCI All Countries World ex-Australia Net Index, partially hedged into Australian dollars; Unlisted Property, Private Equity and Infrastructure – customised benchmarks that reflect GESB's investment strategy for these asset classes; Medium Risk Alternatives – Bloomberg AusBond Bank Bill Index + 3.75%. For the Sustainable Balanced plan, the composite index is reported by the underlying investment manager Pendal and is based on market indices determined by Pendal for each asset class in proportion to the underlying investment's Strategic Asset Allocation.

31 The Growth/Defensive split is the target allocation mix of Growth and Defensive assets. Some asset classes may be classified as part Growth and Defensive.

### Mix Your plan investment options

|   | Australian Shares/Australian<br>Shares TTR  | International Shares/International<br>Shares TTR   |
|---|---|--|
| Who might choose it?                      | This might suit you if you can accept a<br>wide range of earnings (both positive<br>and negative) from year to year and<br>you're looking for return and risk<br>characteristics similar to the<br>Australian share market. | This might suit you if you can accept a<br>wide range of earnings (both positive<br>and negative) from year to year, and<br>you're looking for return and risk<br>characteristics similar to the global<br>share market. |
| Investment return objective <sup>32</sup> | To outperform the plan's benchmark index over rolling 3-year periods  |  |



Note 1. All returns are reported net of the investment fees and costs, are based on transactional prices and are inclusive of franking credits. All Transition to Retirement returns are also reported net of applicable taxes.

The investment fees and costs include all of the investment costs and any additional underlying costs relating to your investment. RI Allocated Pension does not pay tax on the investment earnings. However, tax is paid on investment earnings for the Transition to Retirement Pension. The returns shown above indicate past performance. Past performance should not be relied on as an indication of future performance.

Note 2. Changes in investment strategy, such as the appointment of new external investment managers, may impact on future performance.

Note 3. Any returns for greater than one year are annualised.

| Property/Property TTR   | Fixed Interest/Fixed Intere  | st TTR <sup>36</sup> | Cash/Cash TTR   |                    |
|---|--|----------------------|---|--------------------|
| This might suit you if you can accept a<br>high level of fluctuation in investment<br>returns from year to year, and you're<br>looking for return and risk<br>characteristics similar to the global<br>listed real estate market. | This might suit you if you a<br>for fairly stable earnings fr<br>year rather than seeking lo<br>growth.      | om year to           | This might suit you if you want to<br>protect the value of your investmen<br>in the short-term, rather than seekir<br>long-term growth. |                    |
| To outperform the plan's benchmark in   | dex over rolling 3-year perio  | ds                   | To achieve a return of at l<br>Bloomberg AusBond Ban<br>over rolling 12-month per   | k Bill Index       |
| High  | Medium   |                      | Very low  |                    |
| 6   | 4  |                      | 1   |                    |
| 10 years or more  | 1 to 3 years   |                      | Around 12 months  |                    |
| Less than 6   | Less than 3  |                      | Less than 0.5   |                    |
| FTSE EPRA/NAREIT Developed Net<br>Total Return Index <sup>37</sup>  | 50% Barclays Global Aggre<br>ex-CNY Index (hedged into<br>dollars) and 50% Bloomber<br>Composite 0+ Yr Index | Australian           | Bloomberg AusBond Ban   | k Bill Index       |
| 100/0   | 0/100  |                      | 0/100   |                    |
|   |  |                      |   |                    |
| Target Allowable range  | Target   | Allowable<br>range   | Target  | Allowable<br>range |
| Property 100% N/A   | <b>Fixed Interest</b> 100%   | N/A                  | <b>Cash</b> 100%  | N/A                |

33 Based on the Standard Risk Measure.

- 35 The Growth/Defensive split is the target allocation mix of Growth and Defensive assets.
- 36 Mix Your plan Fixed Interest and Fixed Interest TTR invests in Investment Grade Bonds.

<sup>32</sup> The investment return objective is the investment return all Mix Your plan investment plans aim to achieve after investment fees and costs have been taken into account.

<sup>34</sup> Partially hedged into Australian dollars.

<sup>37 100%</sup> hedged into Australian dollars. Note that the Mix Your plan Property and Property TTR options generally only invest in listed Property investments.

# Historical performance of investment plans

The performance of your investment plan is not guaranteed and returns may move up or down depending on factors such as investment market conditions. Past performance should not be relied on as an indication of future performance. The information is only provided in relation to the Readymade and Mix Your plan investment options for the RI Allocated Pension product.

#### Transition to Retirement Readymade investment plans - net returns

| As at 31 August 2023     | Growth | Balanced | Conservative | Cash |
|--------------------------|--------|----------|--------------|------|
| 1 year (%)               | 7.88   | 6.10     | 4.23         | 3.02 |
| 3 years (% p.a.)         | 7.15   | 5.58     | 2.41         | 1.14 |
| 5 years (% p.a.)         | 5.22   | 4.48     | 2.59         | 1.19 |
| Since inception (% p.a.) | 5.86   | 5.04     | 2.93         | 1.28 |

#### Transition to Retirement Mix Your plan - net returns

| As at 31 August 2023     | Australian<br>Shares | International<br>Shares | Property | <b>Fixed Interest</b> | Cash |
|--------------------------|----------------------|-------------------------|----------|-----------------------|------|
| 1 year (%)               | 9.33                 | 17.02                   | -6.10    | -0.08                 | 3.02 |
| 3 years (% p.a.)         | 11.20                | 10.40                   | 2.40     | -3.04                 | 1.14 |
| 5 years (% p.a.)         | 6.96                 | 7.67                    | -0.48    | 0.29                  | 1.19 |
| Since inception (% p.a.) | 8.02                 | 8.89                    | 0.69     | 0.54                  | 1.28 |

#### RI Allocated Pension Readymade investment plans - net returns

| As at 31 August 2023 | Growth | Balanced | Conservative | Cash |
|----------------------|--------|----------|--------------|------|
| 1 year (%)           | 9.06   | 6.77     | 4.71         | 3.55 |
| 3 years (% p.a.)     | 8.30   | 6.05     | 2.56         | 1.34 |
| 5 years (% p.a.)     | 6.06   | 4.89     | 2.80         | 1.40 |
| 10 years (% p.a.)    | 7.62   | 6.50     | 4.11         | 1.85 |

Please note, there are no historical net returns for the Sustainable Balanced plan, because the inception date for this plan was 27 September 2023.

#### RI Allocated Pension Mix Your plan – net returns

| As at 31 August 2023 | Australian<br>Shares | International<br>Shares | Property | Fixed Interest | Cash |
|----------------------|----------------------|-------------------------|----------|----------------|------|
| 1 year (%)           | 10.20                | 17.31                   | -5.95    | 0.57           | 3.55 |
| 3 years (% p.a.)     | 12.61                | 11.22                   | 2.83     | -3.37          | 1.34 |
| 5 years (% p.a.)     | 7.66                 | 8.32                    | -0.53    | 0.43           | 1.40 |
| 10 years (% p.a.)    | 8.60                 | 10.56                   | 4.72     | 1.92           | 1.85 |

# How to change your investment plan

You can easily change your investment plan or adjust your investment mix for your Retirement Income Pension at any time – and we don't charge a fee for this.

You can either:

- Visit mol.gesb.wa.gov.au to log into or register for Member Online, go to the 'Investments' tab and choose the 'Change your investment plan' option
- Go to gesb.wa.gov.au/forms to download the 'Retirement Income Pension Investment choice' form and submit the completed form to us

When changing or rebalancing your investment plan, please consider our standard processing timeframes and other important information below.

Please note, if you switch your investment plan, all of your units will be sold and then new units bought according to your new plan.

### When your investment switch will take effect

We'll process your investment switch on the first available day after receiving it. Generally, within two to three business days of receiving your request. A business day is a workday other than a public holiday or weekend in Western Australia. However, sometimes it may take up to five business days to process your switch.

Please keep in mind that your investment switch will take effect on the day it's processed and not the day it's submitted or received. The day we process your switch is known as the 'effective date'.

### We won't know the unit price until after your switch has taken effect

The unit price on the effective date of your switch will be applied to the transaction.

However, as we use a forward unit pricing system, this price won't be available until the next business day **after** your request has been processed. For more information, see the 'Unit prices' section on page 25.

Once the unit price has been finalised and applied to your switch, the process is complete. Your account balance and any future contribution or payment into your account will be invested immediately into your new investment plan.

If you've submitted our paper-based form, we'll send you a letter confirming the changes in writing, including the unit price that applied to your switch. If you've completed our online form, you'll be able to see the details of the transaction in Member Online at mol.gesb.wa.gov.au, usually within five business days of the effective date of your switch.

# We can't guarantee the unit price that will apply to your switch

We aim to process all switches within five business days. However, we cannot guarantee the exact processing date – or the unit price – for any individual request.

From time to time, it may take us longer than five business days to process your switch, due to factors outside of our control. As outlined earlier, if there's a material change in the value of an asset class, we may temporarily suspend transactions and unit prices to ensure fairness among our members. If this happens, we'll notify you through our website at gesb.wa.gov.au/unitprices.

# Changing your investment plan may result in a loss

When you switch your investment, you are selling units in your existing plan and purchasing units in your chosen new plan. These units go up and down in value, much like shares, to reflect changes in the market value of our assets. This means that changing your investment plan when markets are fluctuating may result in a reduction in the value of your investment and, therefore, a lower account balance.

For a general guide on investing during a market downturn, see our video 'Investing during market volatility' at gesb.wa.gov.au/volatility. An overview of taxes relevant to the Retirement Income Pension is provided below. However, the tax treatment of super and benefit payments is complex and subject to change. The information provided here is based on our interpretation of the law at the date of this publication and should not be treated as financial or taxation advice. You should always seek your own professional financial or taxation advice when deciding what arrangement is best for your personal circumstances.

# Tax on exit or transfer from other schemes

When you transfer your super into a Retirement Income Pension from other schemes, the tax applied on the transfer is the same as would be applied if you transferred to any other allocated pension product.

#### Transferring money from untaxed schemes

If you're a member of an untaxed scheme like West State Super or Gold State Super, no tax is applied to your contributions or investment earnings while your super is accumulating in these schemes. Instead, tax is payable when a benefit is paid to you or rolled over to a taxed fund.

When your funds are transferred from your untaxed scheme to a Retirement Income Pension, tax will be deducted from the untaxed element of the taxable component as follows:

- Amounts up to the untaxed plan cap of \$1.705 million<sup>38</sup> are taxed at 15%
- Amounts above the \$1.705 million cap are taxed at 47% we will deduct this tax before transferring your money

Note: if you're transferring a benefit from Gold State Super and are under preservation age, generally the income stream payments you receive while you're under preservation age will be taxed at your marginal tax rate, with no tax offset<sup>39</sup>. Refer to the 'Summary of tax treatment' table on page 35.

No tax is payable on the tax-free component.

### Transferring money from taxed schemes

The tax rates above do not apply to money transferred from taxed schemes (like GESB Super) to a Retirement Income Pension.

Taxed schemes deduct tax from concessional (before-tax) contributions and investment earnings while the money is accumulating. So, if you transfer your benefit into a Retirement Income Pension from GESB Super or another taxed scheme, no tax will apply on transfer.

# **Investment earnings**

### **RI Allocated Pension**

The investment earnings in your RI Allocated Pension account are tax exempt, which makes it a tax-effective investment for most retired investors compared to other forms of investment.

#### **Transition to Retirement Pension**

Investment earnings from your Transition to Retirement Pension are taxed at a concessional rate of up to 15%.

# Tax components

Your Retirement Income Pension account may include two different parts or 'components'. Each part is taxed differently, depending on where the funds come from. You might have:

A tax-free component – this is the tax-free part of your super benefit that was transferred to your Retirement Income Pension account. You don't pay tax on this amount. For example, it would include personal contributions made to your super that you didn't claim as a tax deduction. If you transferred from West State Super or Gold State Super, it would also include any part of your benefit that was taxed at 47% because this exceeds the untaxed plan cap.

A taxable component – this is the taxable part of your super benefit that was transferred to your Retirement Income Pension account. You may pay tax on this part of your pension when you access it. For example, it would include employer and salary sacrifice contributions.

If you want to find out more about the tax components of your account, call your Member Services Centre on 13 43 72.

# Proportioning of income stream payments

If your Retirement Income Pension account has a tax-free and a taxable component, your regular income payments will include a proportional amount drawn from each component, based on the total value of your account.

Here are two examples of how income payments are taxed according to your age and the components of your account.

# Example 1

Fiona, aged over 60

- Fiona is 63 and transfers \$250,000 to a Retirement Income Pension
- Her \$250,000 is made up of \$210,000 taxable component and \$40,000 of tax-free component
- She chooses to take monthly income stream payments of \$1,600
- Her monthly pension will consist of the following components:

| Tax free:  |           | \$256   |
|------------|-----------|---------|
| \$40,000   | V \$1.600 |         |
| \$250,000  | X \$1,600 |         |
| Taxable-ta | ixed:     | \$1,344 |
| \$210,000  | X \$1.600 |         |
| \$250,000  | A \$1,000 |         |
| = \$1,600  |           |         |

As Fiona is over 60 the total amount of her pension payment will be tax free. Tax treatment is discussed on page 35.

38 For the 2023/24 financial year, indexed annually in line with Average Weekly Ordinary Time Earnings, in increments of \$5,000 rounded down. The untaxed plan cap applies for each untaxed scheme you are a member of.
 30 A tax offect of 15% is available for a disability guar banefit.

39 A tax offset of 15% is available for a disability super benefit.

#### Summary of tax treatment

# Example 2

Frank, aged under 60

- Frank is 59 and transfers \$350,000 to a Retirement Income Pension
- His \$350,000 is made up of \$310,000 taxable component and \$40,000 of tax-free component
- He chooses to take monthly income stream payments of \$1,400
- His monthly pension will consist of the following components:

| Tax free:<br>\$40,000 | <i>\$4.400</i> | \$160   |
|-----------------------|----------------|---------|
| \$350,000 X           | \$1,400        |         |
| Taxable-taxed:        |                | \$1,240 |
| \$310,000 X           | \$1,400        |         |
| \$350,000 ^           | <b>\$1,400</b> |         |
| = \$1,400             |                |         |

As Frank is 59 he will have to pay on the taxable-taxed component at his marginal tax rate (plus Medicare Levy of 2%). However, a 15% tax offset on the taxable component will be available to reduce the tax he has to pay. No tax is paid on the tax-free component. Tax treatment is discussed below.

# Tax treatment on income stream or lump-sum payments for the Retirement Income Pension

#### No tax if aged 60 or over

If you're 60 or over, your regular income stream payments or lump-sum payments from your Retirement Income Pension will be completely tax free and you won't need to include these payments in your personal income tax return.

# Tax payable between your preservation age and 59 (inclusive)

If you're aged between your preservation age and 59 (inclusive), the taxable component of your income stream will be taxed at your marginal tax rate (plus Medicare Levy of 2%) with a 15% tax offset available on the taxable component. No tax is payable on your tax-free component.

Your tax rate will depend on your total assessable income for the year, as well as other personal circumstances. We will deduct 'pay-as-you-go' withholding tax (PAYGW) on the taxable component of your income stream, less a maximum 15% tax offset on the taxable component.

At the end of the financial year, we will send you a PAYG Payment Summary to submit with your tax return.

If you receive a lump-sum payment, the taxable component will be taxed as follows:

- Up to the low rate cap of \$235,000<sup>40</sup> 0%
- Above the low rate cap of \$235,000<sup>40</sup> 17% (including Medicare Levy of 2%)

No tax is payable on your tax-free component.

#### Tax payable before you've reached your preservation age

If you meet a condition of release before reaching your preservation age, you'll be able to transfer your super into an allocated pension. The taxable component of your income stream will be taxed at your marginal tax rate (plus Medicare Levy of 2%) with no tax offset.

If you receive a lump-sum payment, the taxable component will be taxed at 22% (including Medicare Levy of 2%).

| Component                                  | Age                          | Lump-sum<br>payments<br>tax withheld<br>rate (including<br>2% Medicare<br>Levy) | Income stream<br>payments tax<br>withheld rate<br>(including<br>2% Medicare<br>Levy)                        |
|--|------------------------------|---|---|
| Taxable<br>component<br>– taxed<br>element | Under<br>preservation<br>age | 22%   | Taxed at your<br>marginal tax<br>rate, with no<br>tax offset <sup>41</sup>                                  |
|  | Preservation<br>age – 59     | First<br>\$235,000 = 0%<br>Balance = 17%  | Taxed at your<br>marginal tax<br>rate, with a<br>15% tax offset<br>available on<br>the taxable<br>component |
|  | 60+                          | Nil   | Nil   |

#### Lump-sum payments if you are terminally ill

Super lump-sum payments are tax free when paid to members with a terminal medical condition, as long as we receive the necessary supporting documentation. For more information, contact your Member Services Centre on 13 43 72.

### Providing your tax file number

If we do not have your tax file number (TFN), tax may be deducted at the highest marginal rate from your income stream or lump-sum payments. There is a field for your TFN on the application form. If you do not provide your TFN at the time of your application, you can provide it at any time through Member Online at mol.gesb.wa.gov.au.

# Other tax considerations for West State Super and Gold State Super members

#### **Superannuation Surcharge Tax**

The Commonwealth Government abolished the Superannuation Contributions Surcharge from 1 July 2005. The abolition of the surcharge from 1 July 2005 does not affect any surcharge tax liabilities accrued before 1 July 2005.

If you're advised by the Australian Taxation Office (ATO) that you have a Superannuation Surcharge Tax Liability, this tax will become payable when you access your Gold State Super or West State Super benefits. We provide a facility for you to make the surcharge payment in a tax-effective manner. You can authorise us to withhold part of your Final Benefit to meet your surcharge liability. This amount will be deducted tax free from your Final Benefit so you can pay your surcharge liability to the ATO. If you wish to take advantage of this facility, complete the relevant section on our 'Retirement Income Pension application' form.

If you do not contact us to finalise your surcharge payment within two years of receiving your benefit, we will pay the withheld amount directly to you as a lump-sum payment less any applicable tax.

- Refer to the glossary for an additional explanation of terms
- For more information, visit gesb.wa.gov.au/factsheets and read our 'Superannuation contributions surcharge' fact sheet.

40 For the 2023/24 financial year, indexed annually in line with Average Weekly Ordinary Time Earnings in increments of \$5,000 rounded down.
 41 Tax offset is available for a disability super benefit.

# Nominating your beneficiary (or beneficiaries)

To look after the financial wellbeing of your dependants, you can set up a 'reversionary beneficiary' or a 'binding death nomination' to ensure your lump-sum death benefits are paid to the eligible person(s) you have nominated.

You're unable to have both a reversionary beneficiary and a binding death nomination for the same retirement income account.

# **Reversionary beneficiary**

You have the option to set up a 'reversionary beneficiary'. This is someone who will continue to receive your Retirement Income Pension when you pass away.

If you want to nominate a reversionary beneficiary, it must be done on the application form when you establish your account. You can only nominate one reversionary beneficiary and this beneficiary cannot be changed at a later date.

Changing a reversionary beneficiary requires a full calculation of your pension to take into account your reversionary beneficiary's life expectancy. If you want to change or remove your reversionary beneficiary, you must close your allocated pension and establish a new account, and a revised calculation will be made.

There may be advantages and disadvantages to nominating a reversionary beneficiary, including tax and social security implications. You may want to seek professional financial advice relevant to your personal situation.

For more information, contact your Member Services Centre on 13 43 72.

# **Binding death nomination**

You also have the option of submitting a lapsing or nonlapsing 'binding death nomination'. A binding death nomination is a written direction from a member to their super fund directing the fund how the member wants some, or all, of their superannuation death benefits to be distributed in the event of their death.

Submitting a binding death nomination is one way to make sure your super goes to the people you want to benefit when you pass away. You can replace or cancel your existing nomination at any time. You can also nominate more than one person as your beneficiary.

If you have more than one GESB account, you can nominate the same person as the binding death nominee for all of your accounts or different people for different accounts, except if you have multiple RI Allocated Pension accounts where the binding death nomination will apply to all.

When you submit a binding death nomination, you can indicate which products you would like that nomination to apply to. You also have the option to apply that nomination to all of your GESB accounts, if you have more than one. If you already have a binding death nomination in place when you open a new GESB account with us, you may need to complete a new binding death nomination form for the new account.

For example, if you made a binding death nomination for your existing GESB Super account and then open a new RI Allocated Pension, your binding death nomination will not apply to the new account.

However, if you have an existing RI Allocated Pension account with a binding death nomination applied and you open a new RI Allocated pension account without a reversionary beneficiary, the binding death nomination will be applied to the new account.

If you have any questions about this, or you'd like more information, call your Member Services Centre on 13 43 72 or visit our website at gesb.wa.gov.au/bdn.

Our 'Binding death nomination' form can be found on our website at gesb.wa.gov.au/forms, or you can contact your Member Services Centre on 13 43 72 for a printed copy to be sent to you (at no cost).

### Who can you nominate?

If you are nominating a reversionary beneficiary, you can only nominate one beneficiary.

If you are submitting a binding death nomination, you can nominate multiple beneficiaries.

All nominees must meet the criteria specified below. If your nominated beneficiary or beneficiaries do not meet the criteria at the time of your death, the benefit cannot be paid to them.

You can nominate:

- Your spouse (including de facto and same sex couples)
- Your child or children (including step, adopted or ex-nuptial children)

Note: for binding death nominations, a child of any age can be nominated (including adult children). For reversionary beneficiaries, a child can only be nominated if they:

- Are under 18 years of age, or
- Are aged between 18 and 25 years and financially dependent on you, or/and
- Have a disability
- Any person(s) financially dependent on you
- An interdependent (someone who lives with you and shares a close personal relationship where one or both of you provide for the financial and domestic support and personal care of the other)

Note: if submitting a binding death nomination, you can also nominate your estate if multiple beneficiaries are nominated. As our standard process is to pay to your estate, should you wish 100% of your benefit to be paid to your estate, a binding death nomination is not necessary.

It is important to regularly review your nominated beneficiaries and update as required, so we're able to follow your directions at the time of your death.

If you're unsure if someone would be regarded as financially dependent or as having an interdependency relationship with you, please refer to the Glossary of terms section on page 41 or call your Member Services Centre on 13 43 72.

#### Tax on reversionary pensions

#### Dependants

In the event of your death, if the reversionary beneficiary receiving the superannuation income stream is a dependant for tax purposes<sup>42</sup>, the following tax treatment will apply:

- If you were aged 60 or over, the tax rate for the reversionary beneficiary is nil, regardless of their age
- If you were under 60, and the:
  - Reversionary beneficiary is under 60 taxable-taxed component is taxed at the reversionary beneficiary's marginal tax rate (plus 2% Medicare Levy) and a 15% tax offset may be available on the taxable component
  - Reversionary beneficiary is over 60 tax rate is nil

If the pension is paid to a dependent child (other than a child with a disability) the pension must be paid out as a lump sum when the child reaches 25. The lump-sum payment is tax free.

#### Non-dependants

Non-dependants are not able to receive a reversionary pension or commence a new pension from death benefits. The benefit must be paid as a lump sum to the deceased member's estate. Therefore, if your nominated reversionary beneficiary is no longer a dependant at the time of your death, then the benefit must be paid to your estate.

#### Tax on binding death beneficiaries

If you have a valid binding death nomination in place when you pass away, the benefit will be paid to your nominated beneficiary or beneficiaries as a lump-sum payment.

Generally, death benefits paid as a lump sum are tax free, provided the benefit is paid to beneficiaries who are dependants for tax purposes<sup>42</sup>. Where they are paid to non-dependants for tax purposes, such as adult children, the taxable-taxed component of the lump sum will be subject to tax at 17%<sup>43</sup>.

#### If you don't nominate a beneficiary

#### Your benefit will go to your estate

If you pass away without a valid binding death nomination or reversionary beneficiary, or if the person(s) you nominate don't meet the conditions listed on page 36 (at the time of your death), the balance of your account will be paid as a lump sum to your estate. For this reason, we strongly suggest that you have a current valid will in place specifying how your estate should be distributed. We do not withhold any tax as your estate is responsible for paying any relevant taxes.

As per above, death benefits paid as a lump sum are tax free provided the benefit is paid to a dependant for tax purposes. Where they are paid to a non-dependant for tax purposes the taxable-taxed component of the lump sum will be subject to tax at 17%<sup>43</sup>.

#### Your investment choice will be switched to Cash

Once we have received formal notification of death<sup>44</sup> and confirm there is no reversionary beneficiary or the nomination does not meet the criteria, the existing account balance will be switched into the 'Cash' or 'Cash TTR' investment plan, which may take up to five business days to process.

This is done to provide greater certainty as to the benefit amount payable. If there is no binding death nomination or reversionary beneficiary in place and the Grant of Probate or Letters of Administration are received at the same time as formal notification of death, only the executor or administrator can make an investment switch.

Estate planning is a complex area and the decision on whether you should set up a reversionary beneficiary arrangement or make a binding death nomination is something that needs to be considered as part of a wider estate planning process. You should seek professional advice about what arrangements are most suitable for your personal circumstances.

<sup>42</sup> For tax purposes the definition of 'dependant' includes a spouse, de facto partner, child, financial dependant or person with whom the deceased had an interdependency relationship just before death. A child aged 18 or older is only considered a dependant if they are financially dependent on you or there is an interdependency relationship.

<sup>43</sup> Includes 2% Medicare Levy.

<sup>44</sup> Certified copy of Death Certificate, Coroner's report, autopsy report, inquest finding, or a medical certificate completed by a registered medical practitioner.

# 14. Your Centrelink and Department of Veterans' Affairs entitlements

If you're eligible to receive Centrelink payments, you can receive an income up to certain limits without these payments being reduced. The balance of your allocated pension will be taken into account by Centrelink and/or the Department of Veterans' Affairs (DVA) in determining your entitlements.

Centrelink and DVA changed the way they assess income from account-based income streams from 1 January 2015.

#### The income test no longer applies

For accounts opened before 1 January 2015, account-based income streams were assessed under the income test to determine what support you may be eligible for.

For accounts opened after 1 January 2015, the income test no longer applies. All your financial assets (such as Cash, Shares or Managed funds) are subject to deeming rules.

#### What is deeming?

Deeming assumes your financial assets earn a certain amount of income, regardless of how much income they actually earn. This will affect the income test, which means it could reduce your income support payment.

For more information, we recommend you visit the Services Australia website at servicesaustralia.gov.au or phone the Centrelink Financial Information Service between 8am and 5pm weekdays on 13 23 00. Centrelink can arrange an interview for you to discuss your options free of charge.

You should seek your own professional financial or taxation advice that takes into account your personal circumstances when deciding what arrangement is best for you.

#### **Your Member Services Centre**

Your WA-based Member Services Centre is dedicated to providing the highest level of service at all times. Our friendly and knowledgeable team is available to answer any queries you have about your account.

You can call your Member Services Centre on 13 43 72 between 7.30am and 5.30pm (AWST), Monday to Friday.

#### **Regular communications**

An important part of our service is keeping you informed about the progress of your investment. Once you open your Retirement Income Pension account, you'll receive a welcome letter with details of your pension arrangements.

You'll receive an annual member statement, detailing your account balance, transactions and investments, as well as an Annual Fund Update, with information on how your super fund performed for the 12 months ending 30 June. We'll always contact you to let you know about any other important changes that may affect your account.

#### We're paperless first

If we have your email address, you'll receive important information about your account electronically, unless you have opted out. This includes your member statement, Annual Fund Update, and notification of any material changes or events which may affect your account.

You can change your communication preferences anytime by logging into Member Online at mol.gesb.wa.gov.au or contacting your Member Services Centre on 13 43 72.

#### Visit gesb.wa.gov.au

The more you understand your investments, the better prepared you can be for your retirement.

You can review the latest unit price of your investment plan and find other useful information about your investments in the 'Investment and performance' section of our website at gesb.wa.gov.au/investment.

You'll find a range of calculators and planning tools to help you to plan for and manage your income in retirement at gesb.wa.gov.au/help. You can also access the latest super and retirement news, updates on your account and articles you may find useful at gesb.wa.gov.au/retirementnews.

#### Member Online

You can access your account online 24 hours a day, seven days a week using our secure Member Online service, available at mol.gesb.wa.gov.au.

Once you've registered for Member Online, you can:

- Check your account balance
- Check your membership details and update your contact details
- Check your transaction history, including any withdrawals and pension payments
- View and print your member statements
- View your current investment strategy and performance
- Provide your tax file number, if you haven't already given it to us

#### Help and advice

Visit the 'Help, forms and tools' section at gesb.wa.gov.au/help for our range of educational resources such as FAQs, calculators and other online tools. You can also register for one of our retirement planning seminars, held in Perth or a suburb near you, at gesb.wa.gov.au/seminars, or join an online webinar from the comfort of your own home.

#### **Retirement Options Service**

Whether you're approaching retirement or you've already retired, our Retirement Options Service is available to you. A fee applies. This service consists of a 60-minute, one-on-one meeting with one of our experienced consultants, who know and understand our unique schemes. You can choose to have your meeting in-person or virtually. They will provide you with factual information about your specific situation, answer any questions you have and explain the options you have for your retirement. The 60 minutes will include time to document a summary of your appointment and provide you with specific handouts to support the information presented to you. You can find out how to open an RI Allocated Pension or open a Transition to Retirement Pension while you continue working.

Ø Visit gesb.wa.gov.au/ros to learn more.

#### Seeking financial advice

Our services are general in nature and are limited to helping you with one of the accounts you hold with us. They don't take into account your complete personal financial objectives, situation or needs. If you're looking for more complex financial planning advice, we can provide you with a list of questions that may help you when choosing a licensed financial adviser.

Ø Visit gesb.wa.gov.au/advice to learn more.

# 16. Privacy

It's important to us that you feel that we respect your personal information and are confident that we do not interfere with your privacy when handling your personal information. As a Western Australian Statutory Corporation, we are not bound by the Australian Privacy Principles and Privacy (Tax File Number) Rule 2015 established by or issued under the *Privacy Act 1988 (Cth)*. However, we have a privacy policy that incorporates these principles and rules to ensure your personal information is handled in accordance with Australian privacy laws.

In our privacy statement, we outline the policy we designed to protect the privacy of your personal information and explain our approach towards the collection, storage, use and disclosure of your personal information.

Our privacy statement is available on our website at gesb.wa.gov.au/privacy, or you can ask for our complete privacy policy to be sent to you (at no cost) by contacting your Member Services Centre on 13 43 72.

# 17. Resolving a complaint

Any current or former member can make a complaint, or a person acting on their behalf. You can make a complaint verbally or in writing.

You can:

- Call your Member Services Centre on 13 43 72
- Send an email to memberservices@gesb.com.au
- Use Live chat service at gesb.wa.gov.au/contactus
- Write to us at: Member Services – Feedback PO Box J 755 Perth WA 6842

In most cases, we'll be able to resolve your complaint over the phone, or promptly if it's a written complaint. If that is not possible, then we will follow our internal complaints process.

We will call you or send you a letter or email to acknowledge your complaint. You'll be provided with contact details for one of our staff members if you would like to talk about any issues related to your complaint.

We'll try to resolve your complaint within 30 days. If you are not satisfied with the outcome, you can request a review by an independent person within GESB. If you are not satisfied with the outcome of your initial complaint or the outcome of our internal review, you have the right to appeal directly to the Australian Financial Complaints Authority (AFCA). To contact AFCA, you can phone 1800 931 678 (free call) or visit their website on afca.org.au.

For details on our complaints process, including making a complaint through the external dispute resolution body, please refer to our 'Resolving your complaint' brochure at gesb.wa.gov.au/brochures.

#### Allocated pension/account-based pension:

This is an account that will provide you with a regular income stream from your super savings. The income stream will generally be available to you once you've reached your preservation age. An allocated pension is also known as an account-based income stream.

#### Assessable income:

This is income that can be taxed if you earn enough to exceed your tax-free threshold. Examples of assessable income are:

- Salary and wages
- Interest from bank accounts
- · Dividends and other income from investments
- Bonuses and overtime an employee receives
- Business profits
- · Commission a salesperson receives

#### Asset classes:

These are broadly defined categories of investments – for example, Shares, Property, Bonds, Fixed Interest securities and Cash.

#### Commonwealth preservation age/preservation age:

Your benefits in a super fund are classified as preserved, restricted non-preserved and unrestricted non-preserved. Your preservation age is the age at which you can access your preserved benefits, once you've permanently retired from the workforce or you're using your benefit to purchase a transition to retirement income stream. Your preservation age is determined by your date of birth:

| Your 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               |

#### Condition of release:

This is an event that entitles you to take your benefits from a super fund as a lump sum or income stream, such as permanent retirement after reaching preservation age or reaching age 65.

#### Defensive asset classes:

These are categories of investments which generally experience less fluctuation in performance from year to year but are also likely to deliver lower long-term returns. These typically include Bonds, Fixed Interest securities and Cash. Some asset classes may be classified as part Growth and Defensive.

#### Drawdown(s):

This is another term for withdrawing funds from an account.

#### Growth asset classes:

These are categories of investments that generally have the potential to deliver higher long-term returns but are also likely to experience large fluctuations in performance from year to year. These typically include Shares and Property. Some asset classes may be classified as part Growth and Defensive.

#### Hedged:

This is an investment position held to offset the risk of another position. For example, currency-hedged International Shares or Fixed Interest protects investors from the impact of currency fluctuations on investment returns.

#### Inflation:

This is a measure of increases in the cost of living – usually measured by the Consumer Price Index (CPI) or increase in Average Weekly Earnings (AWE).

#### Interdependency relationship:

Two people are in an interdependency relationship if they meet all of these criteria:

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

An interdependency relationship also exists if two people have a close relationship, but the other requirements are not met because either or both of them suffer from a physical, intellectual or psychiatric disability.

#### Interposed vehicle:

We invest via a number of unit trusts. In line with ASIC Regulatory Guide 97: Disclosing fees and costs in PDSs and periodic statements (RG97), we have classified the unit trusts as interposed vehicles, as they are positioned between us and the underlying assets. The fees for the interposed vehicles, as defined by RG97, are included in the investment fees and costs.

#### Investment choice:

Members can choose where to invest their super. Members are free to choose the option that best suits their personal financial situation and goals.

#### Investment manager:

This is a commercial organisation that manages your money on our behalf for a fee.

#### Investment returns and risk:

Different asset classes have behaved differently over time. For instance, growth asset classes have generally achieved better investment returns over the long term. But past performances show that, with better long-term returns, comes the risk of increased volatility in investment returns from year to year. On the other hand, the more defensive asset classes have a lower risk of short-term volatility, but also lower long-term returns. With increased volatility comes the possibility of extreme increases – or decreases – in your investments in any given year.

#### Investment timeframe:

This is the period of time over which your money will be invested without any substantial withdrawals.

#### Mix Your plan:

This is an investment choice which allows members to choose from one or more of the asset classes available. The asset allocation of the plan is decided by the member and managed by them on an ongoing basis.

#### **Preserved benefits:**

These are all contributions made or benefits transferred or rolled over to a fund that must be retained in the fund until you reach your preservation age and retire, or otherwise satisfy another condition of release with a nil cashing restriction.

#### Readymade plan/Readymade investment plan:

This is an investment plan option managed by our investment team with its own unique performance objectives and corresponding asset mix. RI Allocated Pension members can choose from five Readymade plans – Growth, Sustainable Balanced, Balanced, Conservative and Cash. Transition to Retirement Pension members can choose from four Readymade plans – Growth TTR, Balanced TTR, Conservative TTR and Cash TTR.

#### **Restricted non-preserved benefits:**

These are benefits that may generally be accessed when you meet a condition of release specific to those benefits, usually when you terminate your employment with the employer that the benefits relate to.

#### **Retirement Income Pension:**

This is an overarching product name used to refer to both retirement income options. The Retirement Income Pension includes the RI Allocated Pension and the Transition to Retirement Pension.

#### **RI Allocated Pension:**

This is our allocated pension product. See 'Allocated pension/account-based pension' on page 41.

#### Roll over:

This is when you transfer super from one complying super fund to another complying super fund.

#### Strategic Asset Allocation:

This is the long-term target or 'neutral' asset allocation, rather than being based on short-term views of relative performance of the various asset classes. The Strategic Asset Allocation is designed to achieve desired return and risk characteristics, over the appropriate time horizon, with a high probability.

#### Superannuation fund:

This is an investment fund that provides benefits generally for retirement purposes. Complying superannuation funds are those that satisfy the conditions specified under the *Superannuation Industry (Supervision) Act 1993 (Cth)* in order to attract a concessional rate of tax.

#### Superannuation Surcharge:

This is a tax on certain contributions made to a super fund (usually employer and personal deductible contributions). It applies when a member's 'adjusted taxable income' (normally the member's taxable income plus reportable fringe benefits plus surchargeable contributions) is over a specified threshold in a financial year. The Commonwealth Government abolished this tax from 1 July 2005. This does not affect any surcharge tax liabilities you have that relate to a period before 1 July 2005.

#### **Transition to Retirement Pension:**

Transition to Retirement Pension is a 'transition to retirement income stream' (TRIS) product as defined in the *Superannuation Industry (Supervision) Regulations 1994 (Cth)*. This strategy allows members to access their superannuation benefits, once they have reached preservation age, in the form of a non-commutable income stream, without having to retire or reduce their hours of work.

#### **Tax-free component:**

The tax-free component of an allocated pension is generally made up of:

- Amounts representing personal contributions not claimed as income tax deductions and co-contribution payments
- The amount of any rollovers from untaxed funds (e.g. West State Super and Gold State Super) that have been taxed at the highest marginal tax rate because they exceeded the untaxed plan cap

#### Taxable component:

The taxable component is the value of the superannuation interest less the tax-free component. The taxable component is usually made up of employer contributions (including salary sacrifice) and personal deductible contributions, as well as earnings on all contributions. The component may consist of a 'taxed element' or 'untaxed element' depending on how the super fund is taxed. If the super fund is a taxed fund (such as GESB Super) then the taxable component generally consists of a 'taxed element'. For untaxed funds (such as West State Super and Gold State Super) the taxable component generally consists of an 'untaxed element'.

#### Tax offset:

This is an offset of 15% on the taxed element of the taxable component of your income stream payment.

#### Unrestricted non-preserved benefits:

These are benefits that don't require a condition of release to be met and may be paid upon demand by the member. For example, benefits that have previously satisfied a condition of release but have not yet been withdrawn.

#### Untaxed fund:

With untaxed funds, the Commonwealth Government does not tax the contributions your employer makes on your behalf or the fund's investment earnings until you leave the fund. Rather than paying tax upfront, tax is charged when an entitlement is paid in accordance with the ATO's rules for untaxed funds. Most super funds are taxed funds except for a few public sector funds, which are untaxed funds e.g. West State Super and Gold State Super.

# 19. Proof of identity

We need to confirm your identity before you can withdraw part or all of your benefit or set up a Retirement Income Pension account. Following the steps below will help speed up the application process and give your personal information added security and protection.

We are required to verify your identity before you can withdraw part or all of your benefit. If we currently hold valid identification for you, we can continue to use that document to satisfy identification requirements. This assumes that the identification continues to verify your personal details.

**Gold State Super members**: please note we require certified proof of identity for all requested transactions from your Gold State Super account.

#### Step 1 Provide acceptable documents

One certified copy of a document from list A OR one certified copy of a document from EACH of list B and list C.

When applying for a Retirement Income Pension account, we need to confirm your date of birth. When using documents from list B and list C, please ensure at least one of these documents display your date of birth.

| List A  |    | List B   |
|---|----|--|
| Current Australian<br>driver's licence with<br>your photograph and  |    | <ul> <li>Birth certificate or birth extract<sup>46</sup></li> <li>Citizenship certificate issued by the Commonwealth</li> <li>Pension card issued by Centrelink that entitles the person to financial benefits</li> </ul>  |
| signature or<br>equivalent from a   |    | List C   |
| <ul> <li>foreign country</li> <li>Current<sup>45</sup> passport<sup>46</sup>, showing your name, date of birth, photograph and signature</li> <li>Proof of age card<sup>47</sup></li> </ul> | OR | • Notice issued by Commonwealth, State or Territory, no older than 12 months, that contains your name and residential address and records the provision of financial benefits under the law of the Commonwealth, State or Territory. For example, letter from Centrelink           |
|   |    | <ul> <li>Notice issued by the Australian Taxation Office, no older than 12 months, that<br/>contains your name and residential address and records a tax debt payable to<br/>or by you. For example, Notice of Assessment from the ATO</li> </ul>                                  |
|   |    | <ul> <li>Notice issued by a local government body or utilities provider, no older than three<br/>months, that contains your name and residential address and records the provision<br/>of services to you. For example, rates notice from local council or a water bill</li> </ul> |

- 45 The sole exception to the expired document rule is a passport. An expired passport is a valid identification document provided it has been expired for less than two years.
- 46 If your passport or birth certificate/extract is not in English, it must be accompanied by an English translation prepared by an accredited translator. If your passport is not an Australian passport it must include your signature.
- 47 A card issued under a law of a State or Territory for the purpose of proving the person's age, which contains a photograph of the person in whose name the document is issued.



#### Step 2 Find someone to certify your documents

The following people can certify copies of your original documents as true copies:

- A permanent employee of Australia Post with two or more years of continuous service who is employed in an office supplying postal services to the public
- An officer with, or authorised representative of, a holder of an Australian Financial Services Licence (AFSL), having two or more years' continuous service with one or more licensees
- A Police Officer
- A Justice of the Peace
- A person enrolled on the role of a State or Territory Supreme Court or the High Court of Australia as a legal practitioner
- A notary public
- A registrar or deputy registrar of a court
- An Australian consular officer or an Australian diplomatic officer
- A judge of court
- A magistrate
- A Chief Executive Officer of a Commonwealth court
- A pharmacist
- A teacher employed on a full-time basis at a school or tertiary institution

#### Step 3 Have your documents certified

All copied pages of original proof of identification documents (including any linking documents) need to be certified as true copies by someone who is approved to do so.

### The authorising person must sight the original document and include the following details on the copies:

• Stamp or write 'I certify this is a true copy of the original document' on each page.

#### Followed by their:

- Printed name
- Signature
- Qualification (e.g. Justice of the Peace), and
- Date

# Have you changed your name or are you signing on behalf of another person?

If you've changed your name or are signing on behalf of the applicant, you will need to provide a certified linking document. A linking document is a document that proves a relationship exists between two (or more) names.

The following table contains information about suitable linking documents.

| Purpose                           | Suitable linking document  |
|-----------------------------------|--|
| Change of name                    | Marriage certificate, deed poll or<br>change of name certificate from<br>Births, Deaths and Marriages<br>Registration Office |
| Signed on behalf of the applicant | Western Australian Enduring Power<br>of Attorney or duly appointed<br>administrator <sup>48</sup>                            |

If your Enduring Power of Attorney was made interstate or overseas, you need to obtain an order from the Western Australian State Administration Tribunal to confirm your power of attorney can be used in Western Australia.

If you need more information, please contact your Member Services Centre on 13 43 72.

# 20. Confirming your bank account details

To help protect your money, we need an approved bank<sup>49</sup> document to accompany each payment request.

#### This protects your money against:

- Mistakes incorrect bank details being passed to us
- Fraud and theft attempted deposit of super money into an account other than your own

#### Details you need to provide

The documentation you provide must be produced by your bank and include:

- Bank name
- BSB number
- Account number
- Account name your full name (initials only are not acceptable) or the full names of both account holders if it is a joint account

Pension payments cannot be made to a mortgage account with no redraw facility, a credit card, an overseas account, or third-party account (such as a business account, 'trading as' or trust account).

#### Acceptable documents

You must provide one of the following documents:

- Bank statement<sup>50</sup> (if you are providing an internet bank statement, it must show your bank name and logo. If it doesn't, you must add your signature, printed name and date to the page)
- Letter printed on bank letterhead with the required account details
- An interim bank statement produced with a teller's stamp
- A copy of a cheque that is attached to your bank account

#### Unacceptable documents

Below are examples of documents that won't be accepted and include, but are not limited to, the following:

- Any document where the required details have been handwritten, even if a bank officer has written them (the bank must produce a document from their system to verify your account details)
- Copies of your payslip
- A bank deposit slip
- A copy of your bank card
- 48 Including an administrator, or joint administrators, appointed pursuant to the *Guardianship and Administration Act* 1990 (WA) authorised to act in regards to financial matters. You or the administrator may be required to produce an order made by the State Administrative Tribunal of Western Australia duly appointing the administrator.
- 49 Includes building societies, credit unions and similar financial institutions.
- 50 We do not require the account balance or transaction record on your statement. The copy you provide must display the BSB, account number and full name.



## 21. How to open a Retirement Income Pension

#### Before you open an account, you might like to:

- Consider adding extra lump-sum voluntary contributions to your super account<sup>51</sup>
- Consider rolling in your super from other funds using a 'Super consolidation' form<sup>52</sup> or Member Online
- Attend one of our 'Retirement planning' or 'Transition to retirement' seminars or webinars
- Consult Centrelink's Financial Information Service about your social security entitlements on 13 23 00
- Consider the tax issues related to your particular circumstances or speak to a financial adviser
- Consider a Retirement Options Services appointment

### Once you've decided to proceed and you have checked your eligibility, you'll need to:

- Select your investment plan(s)
- Select your pension payment amount
- Decide if you wish to nominate a reversionary beneficiary

#### Finally, complete the necessary forms:

The forms you need to set up your pension(s) are attached at the back of this brochure.

You will need a 'Retirement Income Pension application' form and:

- Retirement Income 'Super consolidation' form to roll in super from other funds
- 'Tax file number declaration' form

To complete the forms, you'll need:

- Your member number (which appears on your member statement)
- Your tax file number
- Your bank account details and a copy of your bank statement or other documentation to confirm your account name and number
- Proof of your date of birth and the date of birth of the person you are nominating as a reversionary beneficiary. This can include a certified copy of a birth certificate, passport or driver's licence (see the Proof of Identity section on page 43)

#### Former members and partners of members

Former members and partners need to complete the 'Retirement Income Pension application' form, the 'Tax file number declaration' form and the Retirement Income 'Super consolidation' form.

If you're consolidating two or more super funds to a Retirement Income Pension, you must consolidate your funds before rolling into a Retirement Income Pension.

#### How to contact us

If you have any questions, contact your Member Services Centre on 13 43 72 between 7.30am and 5.30pm (AWST) Monday to Friday.

Alternatively, you can write to:

Manager, Member Services GESB PO Box J 755 Perth WA 6842

<sup>51</sup> Limits apply to the amount of before-tax and after-tax contributions that can be made to super each year, and you may pay extra tax if these limits are exceeded. If you're aged 67 to 74, and want to claim a tax deduction on contributions made by you, you need to meet the work test or the work test exemption criteria to claim a deduction.

<sup>52</sup> You may be charged other fees when you roll in amounts from other super funds. You should also consider the effect on any existing insurance cover you may have with your other funds.

#### **Opening a Retirement Income Pension account**

To apply for a Retirement Income Pension, you must complete the application included at the end of this booklet.

Your application to join the Retirement Income Pension takes effect once funds are transferred to your account. If you're transferring from Gold State Super, West State Super or GESB Super, we might need information from your employer before your final benefit from that scheme can be calculated.

Also, if you're transferring money from another super fund to your existing account, your application to join the Retirement Income Pension will not take effect until we have received the transfer from your other fund.

| Form  | Purpose  |
|---|--|
| 'Retirement Income Pension application' form            | To open your Retirement Income Pension account   |
| Retirement Income Pension<br>'Super consolidation' form | To roll in super from other accounts   |
| Tax file number declaration                             | To confirm your TFN and if you are claiming the tax-free threshold on this income stream |

Check that you have completed and signed all the relevant sections. Then, post your form to:

Retirement Income Pension GESB PO Box J 755 Perth WA 6842





### **Retirement Income Pension application**





Issue date: 27 September 2023

#### Before completing this form

You can only transfer money into this account from one super account.

If you have more than one super account that you want to transfer to your Retirement Income Pension account, the money must be combined into one account before it is transferred (see step 6 of this application form). This includes money rolling in from an external super fund (see step 7 of this application form).

You cannot add additional money to your pension account once it is set up. You will need to open another pension account for any subsequent amounts you wish to add to your pension.

If you don't want your super funds to be combined before being transferred, you will need to open another Retirement Income Pension account by completing a separate Retirement Income Pension application.

#### Checklist – information and documents required to complete this form It's important that you complete all relevant sections and

attach all the required documents when submitting this form.

- Your date of birth<sup>1</sup>
- A copy of your bank statement, unless you have previously provided this to us
- Your tax file number
- If you're under the age of 60, a completed 'Tax file number declaration' form (included at the end of this application)
- Original certified proof of identity documents for yourself, and if applicable, your nominated Reversionary beneficiary (see page 43 of this booklet)
- Certified linking document if you have changed your name (see page 43)
- Your member number is quoted on all supporting documents

#### When will my application be processed?

We aim to process your application within 10 working days after receiving your form and necessary information, including information from your employer. However, there are circumstances where it may take us longer to process your request. For example, calculating Gold State Super benefits can be complex, so we may need extra processing time to finalise transfers from these accounts. Once your application has been processed, payment will then be made by the 15th of the month, in line with your nominated frequency.

1 Provide certified proof (see step 2 'Proof of identity' for further information).

To avoid delaying your application, please make sure you are using the latest version of this form, available at gesb.wa.gov.au/forms. You can do this by checking the issue date on the document.

| Step 1     | Your details           |
|------------|------------------------|
| ovide vour | GESB member number and |

Provide your GESB member number and personal details. GESB member number

| WIN No. Office Use Only                        |
|--|
| New member                                     |
| Mr Mrs Miss Ms Other                           |
| Last name                                      |
|  |
| Given name(s)                                  |
|  |
| Date of birth <sup>1</sup> / / Male Female     |
| Residential address                            |
|  |
| Postcode                                       |
| Postal address (if different from residential) |
|  |
| Postcode                                       |
| Email address                                  |
|  |
| Mobile phone number Work phone number          |
| ( )  |
| Tax file number (TFN)                          |



#### Step 2 **Proof of identity** Step 5 Reason for benefit eligibility We are required to confirm your identity before you can You must meet a condition of release, specific to the pension withdraw part or all of your benefit. product you have chosen in step 4. One (or more) of the boxes below must be ticked. If you are unsure which box to select, You will need to provide documentation with this transfer request please contact your Member Services Centre on 13 43 72. to prove you are the person to whom the super entitlements belong. **Transition to Retirement only** For more information about providing proof of identity, see page 43 of this booklet. I am entitled to an immediate benefit from a super fund and (please ✓ to confirm) am applying to open a Transition to Retirement Pension I have attached proof of identity as listed on page 43 Go to step 6 **RI Allocated Pension only** Step 3 Retirement date (if applicable) **Gold State Super benefits** If this application is to be processed after your retirement, I am aged 65 (or above) and I am entitled to an immediate please provide your date of retirement below: payment of my Gold State Super benefit under the transition 1 1 to retirement rules I am aged 55 years (or above) and have permanently retired from the WA public sector Step 4 Select your pension product I am aged 55 years (or above) and employed in the WA Public Sector, but work less than 10 hours per week This application allows you to open one Retirement Income Pension account. We offer two products - an RI Allocated **GESB Super and West State Super benefits** Pension or Transition to Retirement Pension. I am aged between the current Commonwealth preservation Please confirm which Retirement Income Pension product you age and 64 years and have permanently retired and never are applying for by ticking the relevant box below. intend to be gainfully employed for more than 10 hours a week Please note, if you are aged 65 (or above), you are not eligible to open a Transition to Retirement Pension. I have reached aged 60 and resigned from current employment Aged 65 or above I have reached age 65 I am aged 65 (or above) and am applying to open an RI Allocated Pension Other Aged under 65 and still employed GESB has approved early release of my preserved benefit I am aged under 65, still employed, and am applying to open due to permanent disablement a Transition to Retirement Pension I am a former member of the fund, or a partner or former Aged under 65 and ceased employment partner of a current or former member, and entitled to an immediate benefit payment from a super fund I am aged under 65, have ceased employment and am applying to open an RI Allocated Pension

see the table on page 3 of this booklet, 'Differences between a Transition to Retirement Pension and RI Allocated Pension'. If you don't know which Retirement Income Pension account

For a summary of our Retirement Income Pension products,

you don't know which Retirement Income Pension account you can open, please contact your Member Services Centre on 13 43 72.

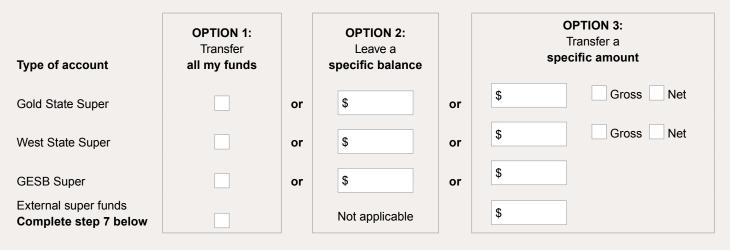
If you need help to open an RI Allocated Pension or a Transition to Retirement Pension account, please see our FAQs at gesb.wa.gov.au/help for step-by-step instructions.

#### We will open your Retirement Income Pension account based on the instructions you provide below.

Here is some important information to note before filling out the information below:

- A minimum of \$30,000 (gross) applies to an initial Retirement Income Pension, and a \$10,000 minimum for subsequent accounts provided you have an open Retirement Income Pension account
- You can keep your GESB Super or West State Super open by leaving the minimal balance (\$1,000) in the account(s), and transferring the remaining balance into your new Retirement Income Pension
- If you are transferring more than one GESB account, your funds must be consolidated in your West State Super or GESB Super account before being transferred into the Retirement Income Pension. Alternatively, if you would like to keep the funds separate for each transferring account, you will need to open another Retirement Income Pension account, by completing another Retirement Income Pension application
- If you are transferring funds from external funds only, please contact your Member Services Centre on 13 43 72 for more information
- If you want to open an RI Allocated Pension account, as well as receive a lump-sum payment or roll over part of your benefit to a complying super fund, you will need to complete the relevant 'Benefit access' form, available at gesb.wa.gov.au/forms

Please read the following options carefully and note that if you choose option 1, you cannot choose options 2 or 3.



#### Step 7 Transfer from external super funds

You have two options for transferring money from external super fund(s). You can roll money from one other external fund into a new Retirement Income Pension account, or you can roll money from multiple funds into an existing GESB Super or West State Super account before rolling it in to a new Retirement Income Pension account.

Please select your preferred option below.

#### Option 1

I want to transfer money from **one** super fund directly into my new Retirement Income Pension account.

Please list the external fund you intend to transfer money from.

Institution name

\$

Approximate value

#### **Option 2**

I want to transfer money from one or multiple super funds into an existing GESB Super or West State Super account.

Please list the external funds you intend to transfer monies from. Provide details for each transfer below.

| Institution name | Approximate value |
|------------------|-------------------|
|                  | \$                |
|                  | \$                |
|                  | \$                |
|                  | \$                |

#### Important information

You will need to complete a Retirement Income Pension 'Super consolidation' form for each transfer you have listed in option 1 or option 2. A form is available on page 53 of this booklet, or can be downloaded from gesb.wa.gov.au/forms.

If you have selected option 2, your transfer to a Retirement Income Pension will not take place until all transfers/roll overs have been received into your current GESB Super account or West State Super account.

#### **Step 8** Financial institution details

Nominate the account you wish your pension to be paid to. Payments can only be made to a personal savings, offset or mortgage account with a redraw facility.

| Bank/building society or credit union name | BSB number     |
|--|----------------|
|  |                |
| Account name                               | Account number |
|  |                |

For security purposes, provide a copy of your bank statement showing your full name, the bank's name, BSB number and account number. If you are providing an internet bank statement, it must show your bank name and logo. If it doesn't, you must add your signature, printed name and date to the page.

**Important note:** Payments cannot be made to credit card, overseas, third-party (such as business, 'trading as' or trust accounts), equity or other loan accounts (other than mortgage accounts with a redraw facility or an offset account).

| Step 9         Income frequency  |
|--|
| Select your preferred payment frequency (✓ one):   |
| Monthly payment Quarterly payment Annual payment   |
| Step 10         Income start date and amount   |
| To determine your pension amount refer to page 7 of this booklet. If you select a pension amount that falls outside the limits, the amount will be adjusted to the minimum or maximum accordingly. |
| When would you like your pension payment to start?   |
| Start month and year <sup>2</sup> : mm yy  |
| If the payment date of your nominated month has passed, you will receive your first income payment in the next available month.  |
| How much would you like to receive per payment?  |
| Minimum pension amount (see drawdown rates on page 8)  |
| Maximum pension amount (if applying for a Transition to Retirement Pension and you are under age 65)   |
| Other amount (specify) <sup>3</sup> :  |
| Gross (before-tax) pension payment   |
| \$   |
| OR   |
| Net (after-tax) pension payment  |
| \$   |
|  |

#### **Transition to Retirement Pension accounts**

If you have selected to receive a maximum payment and you start a Transition to Retirement Pension account part way through the financial year, the maximum pension amount you will be paid will not be pro-rated for the remaining months in that financial year. You will receive the full annual maximum pension amount. If you don't want this, specify another amount in the space provided.

<sup>2</sup> You must receive at least your minimum pension amount this financial year unless your pension account commenced in June.

<sup>3</sup> We do not pro-rata the amount you have nominated. The full amount you have advised will be paid this year. If you wish to have a higher

amount in subsequent years, you will need to complete a 'Change of details' form, available at gesb.wa.gov.au/forms.

#### Step 11 Investment choice

Choose option A, B or C. Once your Retirement Income Pension application has been accepted, your investment choice request cannot be reversed. You can make further investment plan changes through your Member Online account or by using the relevant 'Investment choice' form available at gesb.wa.gov.au/forms, however further changes will only take effect once the previous request has been completed.

Please select the related investment option available for the Retirement Income Pension option you are applying for. For example, if under option A you tick 'Growth plan/Growth plan TTR', and you have applied for an RI Allocated Pension, you will be invested in the 'Growth plan'. However, if you have applied for a Transition to Retirement Pension, you will be invested in the 'Growth plan TTR'.

If you don't nominate an investment plan, your funds will be placed in the default investment plan which is Balanced/Balanced TTR. See section 10 of this booklet for more information.

#### **Option A: Readymade plans**

For full details refer to the 'Investment plans' section of this booklet on page 27.

- Growth plan/Growth TTR plan
- Sustainable Balanced plan this option is only available if you are applying for an RI Allocated Pension
- Balanced plan/Balanced TTR plan
- Conservative plan/Conservative TTR plan
- Cash plan/Cash TTR plan

Your pension will be paid as per the above Readymade plan.

#### If you have selected a Readymade plan above, go to step 12.

#### Option B: combination of Cash/Cash TTR and Readymade plans

| Cash/Cash TTR plan | % | and the remainder in | plan | (Refer to plans in option A) |
|--------------------|---|----------------------|------|------------------------------|
|--------------------|---|----------------------|------|------------------------------|

Your pension will be paid in the same proportions it is invested in. Alternatively, if you want to have your pension paid in different proportions or in a debit order, please complete the details below:

|  | Percentage        | or  | Order |
|--|-------------------|-----|-------|
| Cash/Cash TTR plan   | %                 |     |       |
| Other chosen investment plan<br>Your selection must total 100% | %                 |     |       |
| TOTAL<br>Your selection must total 100%                        | 100%              |     |       |
| If you have completed option B a                               | above, go to step | 12. |       |

#### **Option C: Mix Your plan**

This option requires you to build your investment mix by choosing 5% multiples in one or more asset classes listed below to total 100%. Once you have done this, use the columns on the right to specify the percentage or order you would like your pension to be paid in.

Your pension will be paid in the same proportions it is invested in. Alternatively, if you want to have your pension paid in different proportions or in a debit order, please complete the details below:

|   | Investment mix    | % of payment |    |       |
|---|-------------------|--------------|----|-------|
| Asset class                                   | (in 5% multiples) |              |    | Order |
| Cash/Cash TTR                                 | %                 | %            | or |       |
| Fixed Interest/Fixed Interest TTR             | %                 | %            | or |       |
| Australian Shares/Australian Shares TTR       | %                 | %            | or |       |
| International Shares/International Shares TTR | %                 | %            | or |       |
| Property/Property TTR                         | %                 | %            | or |       |
| TOTAL<br>Your selection must total 100%       | 100%              | 100%         |    |       |

If you have completed Mix Your plan above, go to step 12.

#### Step 12 Reversionary beneficiary (optional)

#### Please note:

You're unable to have both a reversionary beneficiary and a binding death nomination for the same retirement income account. Before you complete this section please read the 'Estate planning' section of this booklet on page 36. If you want to submit a binding death nomination, contact your Member Services Centre on 13 43 72 for a printed form to be sent or download it from our website at gesb.wa.gov.au/forms.

Remember, if you wish to nominate a reversionary beneficiary, you must do so now; you cannot do so at a later date.

You may nominate your spouse, de facto partner, child or someone who is financially dependent on you or who has an interdependency relationship with you to receive your pension in the event of your death. If you are unsure if someone is financially dependent or has an interdependency relationship with you, refer to page 36 of this booklet or contact your Member Services Centre on 13 43 72 for assistance.

To nominate a reversionary beneficiary, provide their details:

#### GESB member number (if applicable)

| Last name                  |          |            |  |              |  |  |
|----------------------------|----------|------------|--|--------------|--|--|
|                            |          |            |  |              |  |  |
| Given name(s               | ;)       |            |  |              |  |  |
|                            |          |            |  |              |  |  |
| Date of birth <sup>4</sup> | /        | 1          | Male                                     | Female       |  |  |
|                            |          |            | sionary beneficia<br>n of this booklet c | 5            |  |  |
| Relationship t             | o you:   |            |  |              |  |  |
| Spouse                     |          | lr         | nterdependency                           | relationship |  |  |
| De facto partner           |          | C          | Child (see definition on page 36)        |              |  |  |
| Financial dependant        |          |            |  |              |  |  |
|                            |          |            |  |              |  |  |
| Step 13                    | Surcharg | je Liabili | ty                                       |              |  |  |

This section is only applicable if you have received surcharge assessment notices from the Australian Taxation Office (ATO) and are closing your account(s).

If you have been notified by the ATO that you have a Superannuation Contributions Surcharge Liability, you can request that a part of your benefit is withheld so that you can pay your final assessment from your pre-tax benefit, when you close the super account your surcharge liability is against. If you would like us to retain a portion of your total benefit for the future payment of your surcharge liability, indicate the amount in the box<sup>5</sup>.

Gold State Super \$

West State Super

| \$ |
|----|

We will deduct this amount from your gross benefit (before tax is deducted). When you receive your 'Notice of final liability' then you must send us a copy. We will close your surcharge liability account and will make a cheque payable to the ATO and that will be sent to you for you to pay to the ATO. If the amount is not enough to cover the liability, you will need to pay the shortfall. Any residual balance in the surcharge liability account will be paid out to you and will be subject to any applicable tax.

If you do not contact us to finalise your surcharge payment within two years of receiving your benefit, we will pay the withheld amount directly to you as a lump-sum payment less any applicable tax.

#### Step 14 Declaration and signature

I hereby apply to join the Retirement Income Pension and declare that:

- I have read and fully understand the 'Retirement Income Pension Product Information Booklet'
- I understand the 'Retirement Income Pension Product Information Booklet' is a general guide only and does not contain financial advice
- GESB will invest my super according to my choice of investment plan(s) and is not responsible for my choice
- I understand that if I don't nominate an investment plan, my funds will be invested in the default investment plan Balanced/Balanced TTR

Your signature



#### Important:

х

Digital signatures and digitally signed forms are not accepted.

Date

1

1

#### Step 15 Post your form to us

Please check that you have completed all sections of this form and attached all the required documents (see the checklist on page 1).

Once you have done this, send your completed form and relevant documents to:

#### GESB PO Box J 755

Perth WA 6842

Please make sure your member number is included on all supporting documents.

4 Provide certified proof (see step 2 'Proof of identity' for further information).

5 A separate Surcharge Liability account can only be established on the full account closure and not partial payments, for example Transition to Retirement.

Note: we have a privacy statement to explain how we handle private information about individuals responsibly. Our privacy statement is available on our website at gesb.wa.gov.au/privacy, or can be obtained by contacting your Member Services Centre on 13 43 72.

💪 How to contact us

 T Member Services Centre 13 43 72
 F 1800 300 067

 PO Box J 755, Perth WA 6842
 F

W gesb.wa.gov.au



### Super consolidation



**Retirement Income Pension** 

You will need to consolidate other super in an existing Step 2 Tax file number (TFN) GESB Super or West State Super account before transferring to a Retirement Income Pension. Alternatively, you can transfer, If you have not provided us with your tax file number (TFN) there or roll over, external funds directly to a new Retirement Income may be tax consequences. If you wish to provide us with your pension account. TFN, complete the following section. Use a new 'Super consolidation' form for each super account Before providing your TFN, refer to the information overleaf. you would like to transfer to us. TFN If you need help to combine your super, please see our FAQs at gesb.wa.gov.au/help for step-by-step instructions. ✓ I do not want my TFN to be passed onto another super fund Step 1 Your details Provide details of super benefits to Step 3 GESB member number be transferred You may be charged a fee when you withdraw your super benefits from your former fund. We recommend that you WIN No. Office Use Only contact them to establish the value of your benefit, details of all applicable fees and the impact on your insurance cover. New member Fund name Mr Mrs Miss Ms Other Last name Fund address Given name(s) Postcode Unique Superannuation Identifier (USI) of other fund Date of birth 1 1 Female Male **Residential address** Electronic Service Address (ESA) Alias if the other fund is an SMSF Australian Business Number (ABN) of other fund Postcode Postal address (if different from residential) AND Membership number at other fund Postcode Email address Approximate value held with other fund \$ Mobile phone number Work phone number Previous employer ( ) Transfer the total account balance ✓ (if applicable) or nominated amount \$ FOR OFFICE USE ONLY



#### Step 4 Proof of identity

If you choose not to provide your TFN, you will need to provide us with certified copies of other identification documents. Please be aware this process may take longer.

- See section 19 of this booklet for how to provide certified proof of identity correctly.
- For more information on completing this process, read the 'Proof of identity' fact sheet available at gesb.wa.gov.au/factsheets.

#### Step 5 Authorise us to proceed with the transfer

- I authorise the transfer/roll over of my benefit from my former fund (as specified in step 3) to GESB's Retirement Income Pension (as applicable) together with any late contributions still outstanding from my former fund, which may be received after my benefit has been transferred
- I understand my former fund may charge exit or withdrawal fees
- I understand that I may lose any insurance entitlements in my former fund
- I understand that my former fund's trustee will no longer carry any liability in respect of any amount, once all benefits have been transferred
- I understand that the benefit will be allocated to my account and invested in my nominated investment plan
- I authorise GESB to access personal information held by my former fund

| Your signature | Date |   |   |  |
|----------------|------|---|---|--|
| X              |      | / | 1 |  |

#### Step 6 Post your form(s) to us

Post your completed form(s) to:

GESB PO Box J 755 Perth WA 6842

#### Information for the former fund

- This form has been designed in line with the Commonwealth Government's 'Request to transfer whole balance of super benefits between funds' form
- GESB Super, Retirement Income Pension and West State Super are Exempt Public Sector Superannuation Schemes (EPSSS), that are treated as complying super funds for taxation purposes. They are eligible to accept roll over payments from other funds
- GESB Super ABN 82 144 194 929/USI 82144194929050
- West State Super ABN 93 350 173 038/ USI 93350173038070
- Retirement Income Pension ABN 27 648 066 750/USI 27648066750030
- Forward a benefit roll over statement with the payment and make the cheque payable to GESB
- This form authorises us to access personal information held by the former fund

#### Before providing us with your TFN please note:

We are authorised to collect your TFN under the *Superannuation Industry (Supervision) Act 1993*, which will only be used for lawful purposes. These purposes may change in the future.

We may disclose your TFN to other super funds, when your benefits are being transferred, unless you request in writing that we don't.

It is not an offence for you not to provide us with your TFN. However giving your TFN to us will have the following advantages (which may not otherwise apply):

- We will be able to accept all permitted types of contributions to your account(s)
- The tax on contributions to your super account(s) will not increase
- Other than the tax that may ordinarily apply, you will not pay more tax than you need to – this affects both contributions to your super and benefit payments when you start drawing down your super benefits
- It will make it much easier to find different super accounts in your name so that you receive all your super benefits when you retire

Note: we have a privacy statement to explain how we handle private information about individuals responsibly. Our privacy statement is available on our website at gesb.wa.gov.au/privacy, or can be obtained by contacting your Member Services Centre on 13 43 72.

**W** How to contact us

 T Member Services Centre 13 43 72
 F 1800 300 067

 PO Box J 755, Perth WA 6842
 F

W gesb.wa.gov.au

Australian Government

Australian Taxation Office

#### Tax file number declaration

This declaration is NOT an application for a tax file number.

Use a black or blue pen and print clearly in BLOCK LETTERS.
Print X in the appropriate boxes.
Read all the instructions including the privacy statement before you complete this declaration.

|  | ato.gov.au Read all the instructions  | including the privacy statement before you complete this declaration.  |  |  |  |  |
|--|---|--|--|--|--|--|
| Section A: To be completed by the PAYEE   5 What is your primary e-mail address? |   |  |  |  |  |  |
| 1  | What is your tax       file number (TFN)?   |  |  |  |  |  |
|  | • For more information, see • • • • • • • • • • • • • • • • • •   |  |  |  |  |  |
|  | question 1 on page 2       OR I am claiming an exemption because I am under         of the instructions.       18 years of age and do not earn enough to pay tax.   |  |  |  |  |  |
|  | OR I am claiming an exemption because I am in   | 6 What is your date of birth?  |  |  |  |  |
| _  | receipt of a pension, benefit or allowance.   | 7 On what basis are you paid? (select only one)  |  |  |  |  |
| 2  | What is your name?     Title:     Mr     Mrs     Miss       Summer or family name   | Full-time Part-time Labour Superannuation Casual employment employment hire income stream  |  |  |  |  |
|  |   | 8 Are you: (select only one)   |  |  |  |  |
|  |   | An Australian resident A foreign resident OR A working for tax purposes OR holiday maker   |  |  |  |  |
|  | Other given names   | 9 Do you want to claim the tax-free threshold from this payer?   |  |  |  |  |
|  |   | Only claim the tax-free threshold from one payer at a time, unless your total income from all sources for the financial year will be less than the tax-free threshold. |  |  |  |  |
| 3  | What is your home address in Australia?   | Yes No Answer no here if you are a foreign resident or working holiday<br>maker, except if you are a foreign resident in receipt of an                                 |  |  |  |  |
|  |   | Australian Government pension or allowance.  |  |  |  |  |
|  |   | Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or<br>Trade Support Loan (TSL) debt?  |  |  |  |  |
|  | Suburb/town/locality  | Yes Your payer will withhold additional amounts to cover any compulsory repayment that may be raised on your notice of assessment.                                     |  |  |  |  |
|  | State/territory     Postcode  | DECLARATION by payee: I declare that the information I have given is true and correct.   |  |  |  |  |
|  |   | Signature<br>Date<br>Day Month Year  |  |  |  |  |
| 4  | If you have changed your name since you last dealt with the ATO, provide your previous family name.   | You MUST SIGN here   |  |  |  |  |
|  |   | There are penalties for deliberately making a false or misleading statement.   |  |  |  |  |
|  | Once section A is completed and signed, give it to your payer to com  | plete section B.   |  |  |  |  |
|  |   |  |  |  |  |  |
| 5<br>1   | Section B: To be completed by the PAYER (if you are not what is your Australian business number (ABN) or Branch number  | 100 loaging online)<br>5 What is your primary e-mail address?  |  |  |  |  |
| •  | withholding payer number? (if applicable)   | MEMBERSERVICES@GESB  |  |  |  |  |
|  | 27 648 066 750  |  |  |  |  |  |
| 2  | If you don't have an ABN or withholding Yes No  |  |  |  |  |  |
| 3  | What is your legal name or registered business name   | 6 Who is your contact person?  |  |  |  |  |
| -  | (or your individual name if not in business)?   |  |  |  |  |  |
|  |   | Business phone number         1         3         4         3         7         2  |  |  |  |  |
|  |   | 7 If you no longer make payments to this payee, print X in this box.   |  |  |  |  |
|  |   | DECLARATION by payer: I declare that the information I have given is true and correct.   |  |  |  |  |
| 4  | What is your business address?  | Signature of payer Date  |  |  |  |  |
|  | POBOXJ755   | Day Month Year   |  |  |  |  |
|  |   | There are penalties for deliberately making a false or misleading statement.   |  |  |  |  |
|  |   |  |  |  |  |  |
|  | Image: Constraint of the second se | Return the completed original ATO copy to:     Australian Taxation Office     See next page for:   |  |  |  |  |
|  | WA 6842   | PO Box 9004<br>PENRITH NSW 2740  |  |  |  |  |
|  |   |  |  |  |  |  |

30920619

#### Payer information

The following information will help you comply with your pay as you go (PAYG) withholding obligations.

#### Is your employee entitled to work in Australia?

It is a criminal offence to knowingly or recklessly allow someone to work, or to refer someone for work, where that person is from overseas and is either in Australia illegally or is working in breach of their visa conditions.

People or companies convicted of these offences may face fines and/or imprisonment. To avoid penalties, ensure your prospective employee has a valid visa to work in Australia before you employ them. For more information and to check a visa holder's status online, visit the Department of Home Affairs website at **homeaffairs.gov.au** 

# Is your payee working under a working holiday visa (subclass 417) or a work and holiday visa (subclass 462)?

Employers of workers under these two types of visa need to register with the ATO, see **ato.gov.au/whmreg** 

For the tax table "working holiday maker" visit our website at **ato.gov.au/taxtables** 

#### Payer obligations

If you withhold amounts from payments, or are likely to withhold amounts, the payee may give you this form with section A completed. A TFN declaration applies to payments made after the declaration is provided to you. The information provided on this form is used to determine the amount of tax to be withheld from payments based on the PAYG withholding tax tables we publish. If the payee gives you another declaration, it overrides any previous declarations.

### Has your payee advised you that they have applied for a TFN, or enquired about their existing TFN?

Where the payee indicates at question 1 on this form that they have applied for an individual TFN, or enquired about their existing TFN, they have 28 days to give you their TFN. You must withhold tax for 28 days at the standard rate according to the PAYG withholding tax tables. After 28 days, if the payee has not given you their TFN, you must then withhold the top rate of tax from future payments, unless we tell you not to.

### If your payee has not given you a completed form you must:

notify us within 14 days of the start of the withholding obligation by completing as much of the payee section of the form as you can. Print 'PAYER' in the payee declaration and lodge the form – see 'Lodging the form'.

withhold the top rate of tax from any payment to that payee.

For a full list of tax tables, visit our website at ato.gov.au/taxtables

#### Lodging the form

You need to lodge TFN declarations with us within 14 days after the form is either signed by the payee or completed by you (if not provided by the payee). You need to retain a copy of the form for your records. For information about storage and disposal, see below.

You may lodge the information:

- online lodge your TFN declaration reports using software that complies with our specifications. There is no need to complete section B of each form as the payer information is supplied by your software.
- **by paper** complete section B and send the original to us within 14 days.
- For more information about lodging your TFN declaration report online, visit our website at ato.gov.au/lodgetfndeclaration

#### Provision of payee's TFN to the payee's super fund

If you make a super contribution for your payee, you need to give your payee's TFN to their super fund on the day of contribution, or if the payee has not yet quoted their TFN, within 14 days of receiving this form from your payee.

#### Storing and disposing of TFN declarations

The TFN Rule issued under the *Privacy Act 1988* requires a TFN recipient to use secure methods when storing and disposing of TFN information. You may store a paper copy of the signed form or electronic files of scanned forms. Scanned forms must be clear and not altered in any way.

#### If a payee:

- submits a new TFN declaration (NAT 3092), you must retain a copy of the earlier form for the current and following financial year.
- has not received payments from you for 12 months, you must retain a copy of the last completed form for the current and following financial year.

#### Penalties

You may incur a penalty if you do not:

- Iodge TFN declarations with us
- keep a copy of completed TFN declarations for your records
- provide the payee's TFN to their super fund where the payee quoted their TFN to you.



T Member Services Centre 13 43 72 PO Box J 755, Perth WA 6842 **F** 1800 300 067