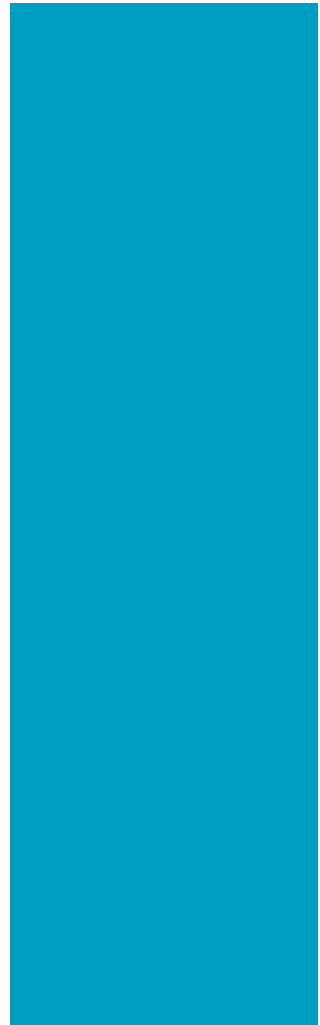


## transfer **guide**



*Defined Benefit or Accumulation?*

Please note that the transfer option is only available to employees of Airservices Australia

January 2010

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### General advice warning

The contents of this guide have been prepared for general advice without taking into account your objectives, financial situation or needs. Therefore, you should consider the appropriateness of the advice in light of your own objectives, financial situation or needs before making a decision.

Whilst every care has been taken with the information provided in this guide, AvSuper Pty Ltd reserves the right to correct any errors or omissions. If there is any discrepancy between this guide and AvSuper's Trust Deed, the Trust Deed will be the final authority. The information in this guide is intended to provide useful information not investment or financial advice. You are ultimately responsible for making your decision and obtaining whatever assistance you consider necessary. AvSuper Pty Ltd does not recommend that you make decisions concerning superannuation arrangements based solely on the contents on this guide.

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## introduction

Airservices Australia offers all existing employees who are members of the defined benefit section of AvSuper the opportunity to transfer their superannuation entitlements to the accumulation section of the Fund. The opportunity to transfer is open ended.

**Should you decide to transfer your entitlements to the accumulation section your decision is irreversible.**

In addition to this guide, the AvSuper online projector which is available within Member Online at [www.avsuper.com.au](http://www.avsuper.com.au) has been enhanced to enable you to determine the possible future effect of transferring your current defined benefit entitlement to an accumulation account. We have provided some instructions in this guide to help you use the projector.

### Helping you make the decision

This guide has been developed to assist you in making your decision. The guide provides a general comparison of the defined benefit and accumulation sections of AvSuper and highlights the factors you should take into consideration before making your decision.

**It is recommended that you seek advice from a qualified financial planner before making your decision.**

**You should also obtain and read the AvSuper Corporate Product Disclosure Statement (PDS) which is available from our website [www.avsuper.com.au](http://www.avsuper.com.au), or by calling AvSuper on 1800 805 088.**

If you are a full defined benefit member with AvSuper or a CSS member intending to opt out of that scheme, the PDS, **A Guide to AvSuper for Corporate Members** will apply to you.

If your main benefit is with the CSS and you intend to remain a member of that scheme you should obtain **AvSuper's Public Offer PDS**.

If you decide to transfer and become an accumulation member, you must complete a **transfer election form** (which is included at the back of this guide) and return it to your Airservices Australia payroll officer. Your transfer will be processed by Airservices Australia on the first available payday following receipt of your form.

Airservices Australia is required to advise AvSuper of receipt of the **transfer election form** and also of the date your defined benefit membership ceased. Once this advice is received your record will be varied and you will receive a Transfer Statement detailing how the amount moved from defined benefit to accumulation was determined.

## defined benefits versus accumulation benefits

### What's the difference?

There are a number of differences and these are detailed in the tables on pages 3 and 4. The main difference is how benefits are calculated in each section.

In the **defined benefit section**, there are two types of member - full members and CSS members - and benefits for both are calculated using a formula.

For full members the formula is the accrued multiple times the final average salary (FAS). The multiple is determined according to your period of fund membership and personal contribution rate. FAS is the average of your superannuation salaries on your last three birthdays.

For CSS members the multiple increases by a fixed 0.03 for each year or part year of Fund membership and FAS is calculated in the same way as for full members. CSS members have their prime superannuation benefits provided through the Commonwealth Superannuation Scheme.

Benefits are payable in a lump sum.

Members aged under 60 have insurance cover for death as well as total and permanent disability. The costs of the cover for full members in the defined benefit is met by Airservices Australia.

The insured component is the benefit you would have built up between the date of disablement or death and age 60, had you remained employed and in the Fund and contributed at 5%. Members aged over 60 have no insurance cover.

CSS members have their death and disability insurance within that fund.

As the defined benefits are formula based, the Fund's investment returns have no impact on the amount of the benefit you will receive.

The Fund's administration and investment management fees for the defined benefit section are also met from pooled assets and do not affect the benefit payable.

Defined benefit members may also pay additional contributions into an accumulation account while remaining a defined benefit member.

In the **accumulation section**, member benefits will be directly affected by the Fund's investment return. Therefore, members have a choice of AvSuper's professionally managed investment options. More information on investment choice can be obtained from the **Member Investment Choice Guide**. You should read this prior to making any decision.

Benefits in the accumulation section are provided as a lump sum benefit, based on the account balance which comprises:

employer contributions

*plus*

any voluntary member contributions

*plus*

any rollover amounts

*plus and/or minus*

interest credited/debited from investment earnings on all contributions

*minus*

fees, taxes and insurance premiums.

Insurance cover is mandatory and premiums are deducted from your account. Any disability or death benefit payable is based on your **salary** at 30 June each year.

The insured component is calculated as 20% of salary for each year or part year from your date of disablement to age 60. The benefit would therefore be similar to that available from the defined benefit section.

## how they compare

	defined benefit	accumulation
Employer contribution	The employer contributes at rates determined by the Fund Actuary to be sufficient to cover payment of members' benefits, insurance premiums and charges associated with the administration of the Fund. The rate of employer contribution does not affect your benefit.	The employer contribution is: <ul style="list-style-type: none"> <li>&gt; 12.5% for members who are covered by an Airservices Australia certified agreement</li> <li>&gt; at least 9% for members of the management group</li> <li>&gt; 3% for CSS members</li> </ul>
Member contributions (CSS members can contribute to an accumulation account only)	0% to 10% of salary from after-tax salary or, if your employer agrees, from your before-tax salary (ie. via salary sacrifice).	Any amount from after-tax salary or, if your employer agrees, from your before-tax salary (ie. via salary sacrifice).
Calculation of benefits	Benefits are calculated using a formula based on final average salary, and a multiple based on period of membership and your contribution rate.	Benefits accumulate through contributions paid into the Fund by you and your employer, any amounts that you roll over to your account and any investment earnings. If an investment loss is incurred, the account balance is reduced accordingly.
Fees and taxes	Fund administration fees, investment management fees, taxes and insurance premiums are deducted from Fund assets and do not impact on your benefit. Any surcharge debt is deducted from your benefit on leaving the Fund, unless this has been previously extinguished.	A member fee of \$1.15 per week is deducted from your account  An asset based fee, an investment management fee, some taxes and insurance premiums are deducted weekly in the calculation of the unit price, prior to investment earnings being allocated.  Any surcharge debt is deducted from your account on receipt of the debt.
Member investment choice	Not available on defined benefit assets because the benefit is not affected by the investment performance of the Fund.	You can choose one or any combination of AvSuper's investment options. If no choice is made contributions are invested in the Fund's default Growth option.
Effect of investment returns on benefits	As benefits are formula-based, investment performance will not affect the level of benefit payable. In the defined benefit section, the employer bears the investment risk.	The investment returns for the strategy you have chosen (or the Growth option if you have not made a choice) directly affect your benefit. This means you bear the investment risk.
Voluntary contributions	Voluntary contributions can be made to the defined benefit section (10% maximum) and contributions can also be made to an accumulation account.	Any amount permitted by legislation to accumulation account only.
Compulsory insurance (does not apply to CSS members)	The cost of your premium is deducted from Fund assets and does not affect your benefit.	The cost of your premium is deducted weekly from your account.

## how they compare... continued

	<b>defined benefit</b>	<b>accumulation</b>
Voluntary insurance	The cost of your premium is deducted from the contributions that you make to your accumulation account.	The cost of your premium is deducted from your account.
Retirement benefit	Lump sum equal to Benefit Multiple x Final Average Salary (FAS).	Lump sum equal to account balance.
Resignation benefit	Lump sum equal to Benefit Multiple x FAS.	Lump sum equal to account balance.
Death and total and permanent disablement benefit (full members only)	Lump sum representing: <ul style="list-style-type: none"> <li>&gt; accrued benefit as at date of disablement or death</li> <li>&gt; prospective benefit from date of disablement or death to age 60 based on an assumed contribution rate of 5%</li> <li>&gt; prospective benefit payable is based on salary ie your superannuation salary on your last birthday prior to leaving employment.</li> </ul>	Lump sum representing: <ul style="list-style-type: none"> <li>&gt; accrued balance as at the date of disablement or death</li> <li>&gt; prospective benefit from date of disablement or death to age 60 based on a build up of salary of 20% each year or part year</li> <li>&gt; prospective benefit payable is based on salary ie the salary determined by your employer on the date of transfer and each subsequent 30 June</li> </ul>
Total temporary disablement benefit available (full members only)	Yes.	Yes.
Access to: <ul style="list-style-type: none"> <li>&gt; Rollover accounts</li> <li>&gt; Income stream accounts</li> <li>&gt; Super Member Home Loans</li> <li>&gt; Financial planner</li> </ul>	Yes.	Yes.

If you need more information regarding details of either the defined benefit or accumulation sections of AvSuper, please contact the Fund on 1800 805 088.

## which option should I choose?

Your decision will depend upon your personal circumstances. Consequently the right decision for you may not necessarily be the same for any of your colleagues. It is recommended that you seek independent financial advice before making your decision.

Factors you should take into consideration are summarised below.

### Your age

The younger you are, the longer your investment timeframe will be. With a longer investment timeframe the ups and downs of the investment market have time to smooth out. If you decide to transfer to the accumulation section this will be a matter for consideration as you will bear the investment risk.

### Your length of membership

Along with growth in salary, your length of likely future membership has a significant effect on the defined benefit calculation.

### Potential salary growth

In the defined benefit section, salary increases can have significant impact on benefit growth, whereas in the accumulation section, investment earnings have a greater impact. If you are not expecting a significant increase in salary, the accumulation arrangement may give you a better opportunity to increase your benefit in the longer term.

### Making investment decisions

In the defined benefit section you do not make any investment decisions in relation to where your superannuation is invested. In the accumulation section you can participate in member investment choice and choose one or a combination of AvSuper's investment options.

### Your attitude to investment risk

In the defined benefit section the investment risk rests with the employer. In the accumulation section you bear the investment risk.

### Transition to retirement

If you wish to commence an income stream (pension) while still employed, you can use funds in a defined benefit or accumulation account to do so.

### Fees

In the defined benefit section fees, taxes and insurance premiums do not affect your benefit accrual. In the accumulation section investment management fees, some taxes and the asset based administration fee are deducted from Fund assets before earnings are determined. Members pay an administration fee of \$1.15 per week from their account. Contributions tax (15%) is deducted from the employer contribution. Insurance premiums are deducted from your account balance each week.

Contributions made by way of salary sacrifice to either the defined benefit section or the accumulation section are taxed at 15% as they are received by the Fund.

## questions and answers

### Do I have to transfer?

No. There is no compulsion nor influence on you to transfer. It is simply an option for you to consider.

### If I do transfer, does all my entitlement have to be transferred or can I leave some in the defined benefit arrangement?

If you decide to transfer, your entire benefit will be moved to the accumulation section. There is no provision for part transfers.

### If I decide to transfer to the accumulation section can I reverse my decision at a later date?

No. Any decision to transfer is irreversible.

### If I decide to transfer is there an optimal date on which to elect to do so?

If you decide to transfer, your transfer will be processed on the first available payday following receipt of your **transfer election form**. Consequently, if you decide to transfer you can maximise your transfer entitlement by electing to transfer after your birthday as your final average salary will increase on this date and hence your benefit transfer amount will also be higher.

### Do I have to seek financial advice?

No. However, we always recommend that you seek advice from an accredited financial planner before making significant financial decisions.

## using the benefit projector for a transfer estimate

The information provided by the projector is indicative only and in no way should be construed as a quote on a future benefit entitlement.

The following instructions will help you use the projector to determine the possible effect of transferring your defined benefit to the accumulation arrangement.

- > You will need your member number and PIN to access the projector. If you don't know your member number, call us on 1800 805 088.
- > If you have forgotten your PIN you can request a new one via our website.

### Steps to follow

#### Step 1

Log into the **Member Online** via the AvSuper website at [www.avsuper.com.au](http://www.avsuper.com.au) and insert your member number and PIN.

#### Step 2

Move the mouse to the **Calculators** tab on the to menu.

#### Step 3

Click on the **Projector** tab to open the MySuper Tomorrow site.

#### Step 5

Read the docuemtns and tick the boxes, click **next**, then follow the prompts to calculate your benefit. Once you have done this for your defined benefit you will be asked if you would like to calculate your benefit assuming you transferred to an accumulation account.

# transfer election form



AFSL No. 239078 RSEL No. L0000147  
RSE No. R1000153 ABN 46 050 431 797

**Please complete this form and forward it to your Airservices Australia payroll officer if you wish to transfer your entire AvSuper entitlement from the defined benefit section to the accumulation section.**

Surname \_\_\_\_\_ Mr/Mrs/Ms/Miss

Given names \_\_\_\_\_ Date of birth \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Member no. (this is your payroll number) \_\_\_\_\_

## Transfer authority

I acknowledge that I have received sufficient explanatory information about the transfer offer.

I request and authorise the transfer of my AvSuper entitlement from the defined benefit section to the accumulation section and confirm that I have received and reviewed a copy of the relevant Product Disclosure Statement\* (PDS).

I acknowledge that my entire entitlement will be transferred and my decision cannot be reversed.

## Nomination of contribution amount

On transfer to the accumulation section I would like to contribute an amount of \$ \_\_\_\_\_

per fortnight (the amount you enter must be in multiples of a dollar and not a percentage amount) from my

before-tax salary or  after-tax salary

Signature  Date

An election to transfer to the accumulation section of the Fund can only be considered to have been made if the election form is received by your payroll area.

If electing to contribute in pre-tax dollars you will need to establish a salary sacrifice arrangement through your Airservices Australia payroll officer.

For Payroll use only	
Payroll ID _____	Actioned on payday _____
Last day of Defined Benefit membership ____ / ____ / ____	Copy of form to AvSuper ____ / ____ / ____

\* Available from [www.avsuper.com.au](http://www.avsuper.com.au)



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