

# Choosing a style of super that suits you

## Deciding between the Defined Benefit Division and Accumulation 2



Everyone has different needs when it comes to their super. That's why, as a new Defined Benefit Division (DBD) member, you get to choose a style of super to suit you.

### What this fact sheet covers

As a DBD member, you have 2 years from the date you joined the DBD to choose to stay a Defined Benefit Division (DBD) member or transfer to Accumulation 2.

This fact sheet highlights some of the differences in membership types so you can choose a style of super that best suits you. Remember, once you've transferred to Accumulation 2, you can't change back to the DBD in the future, and if the deadline passes without you making a decision, you'll remain a DBD member.

### Overview

With both styles of super you're saving to fund your retirement but each uses a different way to get there with different investment and insurance options.

Some of these differences are explained below. Be sure to read the *Defined Benefit Division and Accumulation 2* Product Disclosure Statement (PDS) for more detail about the differences.

### Who is this fact sheet for?

Defined Benefit Division (DBD) members who are in the first two years of their DBD membership.

### Defined Benefit Division

Your benefit is made up of two parts—an accumulation component and a defined benefit component. If you receive 17% super contributions from your employer, 14% will be put into your defined benefit component and 3% will be directed to your accumulation component (subject to certain conditions).

As a DBD member, the amount of super you receive at retirement is mainly calculated using the formula below.

Any additional member contributions you make and any money from other super funds that you transfer into UniSuper will go in to the accumulation component of your account and you can choose how that is invested.

#### HOW YOUR BENEFIT IS INVESTED

The defined benefit component is calculated using a formula. Contributions from your employer and any additional contributions you make are pooled together and invested as a single diversified portfolio that includes shares, property, fixed interest, cash, and other investments.

### The Defined Benefit Formula

5-YEAR BENEFIT SALARY



BENEFIT SERVICE



LUMP SUM FACTOR



AVERAGE SERVICE FRACTION



AVERAGE CONTRIBUTION FACTOR

Although DBD money is invested, market fluctuations are less likely to directly affect your final benefit and UniSuper bears most of the investment risk. However, a risk of the DBD is that if the benefit pool is insufficient to cover the DBD obligations for all members, the amount you receive at retirement may be reduced.

You can get a value of each part of your defined benefit formula by logging into your account at [unisuper.com.au](https://www.unisuper.com.au) or checking your most recent benefit statement. More information about the DBD formulas can be found in our Trust Deed available on our website.

## RISKS ASSOCIATED WITH DEFINED BENEFITS

There is a risk that the defined benefit pool could be insufficient to meet its benefit obligations to DBD members. Clause 34 of the Trust Deed provides a process for the Trustee to manage the DBD's financial position, including a way to reduce benefits if necessary. The Trustee uses two key actuarial measures to track the financial position of the fund—the Vested Benefits Index (VBI) and the Accrued Benefits Index (ABI).

Under Clause 34, if the Actuary's report of its annual actuarial investigation and valuation of the DBD advises that those measures have fallen (or are likely to fall) below particular levels, we must let members and employers know. In that case, the effective date of the investigation marks the beginning of a Clause 34 'monitoring period'.

If the Actuary's subsequent report four years later advises that the Fund's position hasn't improved sufficiently, the Trustee has six months following the receipt of the report to consider whether it's in the interests of all DBD members to reduce benefits payable.

If benefit reductions are required, the Trustee must do this on a fair and equitable basis.

There is currently no monitoring period in place for the DBD. For more information about Clause 34 and the outcome of previous Clause 34 monitoring periods, go to [unisuper.com.au/dbdupdate/about-clause-34](https://www.unisuper.com.au/dbdupdate/about-clause-34).

## DBD INBUILT BENEFITS

As a DBD member you're provided with inbuilt benefits (subject to eligibility) that can provide financial protection for you and your family if you die, or are unable to work due to injury or illness. These benefits are calculated based on a formula set out in the Trust Deed and contain an inbuilt component which is provided by UniSuper.

It can be helpful to think of inbuilt benefits as being similar to insurance benefits, but you can't opt out of them because they're built into your overall DBD membership. However, unlike insurance premiums there is no charge deducted from your account balance.

## Accumulation 2

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As an Accumulation 2 member, the amount you get at retirement (or when you leave UniSuper) is simply the amount shown in your account balance.

Your benefit is only made up of an accumulation balance. So all of your super contributions will be directed to your accumulation balance.

You can choose how you want to invest your account and your balance is influenced by the contributions made, the investment options you choose and how they perform, and any fees and costs you pay.

## INVESTMENT CHOICE

If the markets perform well, investment gains are added to your account. However, if markets decline, investment losses are deducted from your account. Before you choose an investment option, you need to consider your investment needs, your savings goals and your appetite for risk.

See [unisuper.com.au/investments/investment-choice](https://www.unisuper.com.au/investments/investment-choice) for information to help you make an investment choice. You can choose how your balance, transfers into your account and future contributions made to your account are invested by logging into your account at [unisuper.com.au](https://www.unisuper.com.au).

If you have questions about our investment options, consider making an appointment with a UniSuper on-campus consultant. They can help you understand the different investment options and even help you with your paperwork. To find an on-campus consultant near you, visit [unisuper.com.au/campusbookings](https://www.unisuper.com.au/campusbookings).

## INSURANCE COVER

If you transfer to Accumulation 2 membership, **your inbuilt benefits will cease.**

If eligible, you can instead elect to receive external death, TPD and income protection insurance cover to replace your inbuilt benefits. It's important to understand that some, or all, of the cover you receive will have a pre-existing condition exclusion (PEC) applied for a period of between 12 months to three years.

The cost of external insurance cover is generally determined by your age and level of cover you have. You'll also have the flexibility to increase your cover, decrease it or choose not to have any cover. The cost of insurance cover can also be expected to change from time to time.

To find out more about how inbuilt benefits are transitioned to external insurance cover, read the *What happens to inbuilt benefits if you choose Accumulation 2?* booklet, available on our website.

For more detailed information about insurance and the terms and conditions that apply, read the *Insurance in your super* booklet, also available on our website.

## What's best for you?

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When deciding what's best for you, there are many factors to consider such as your personal objectives, financial situation or needs. This factsheet only provides information on a few factors you need to consider before making your decision and doesn't take into account your personal situation. For that reason, you should read the *Defined Benefit Division and Accumulation 2 PDS*.

Making decisions about your super can be daunting, especially if you're not confident about how your choices will impact your future savings. You may want to consider seeking financial advice before making your decision, and checking out our range of resources at [unisuper.com.au/choosingyoursuper](https://www.unisuper.com.au/choosingyoursuper).

### HOW TO TRANSFER TO ACCUMULATION 2

If you decide to transfer from the DBD to Accumulation 2, complete the following steps:

1. Complete and sign the *Transferring from the Defined Benefit Division to Accumulation 2* form at the end of this fact sheet.
2. Post your completed form to the address on the back of the form or email it to [enquiry@unisuper.com.au](mailto:enquiry@unisuper.com.au).

Once we've received your form, we'll process your request after we receive your next contribution. If you want more information during this time, call us on **1800 331 685**.

### WHAT HAPPENS TO YOUR BENEFIT WHEN TRANSFERRING TO ACCUMULATION 2

If you transfer to Accumulation 2, we'll convert your defined benefit to an accumulation benefit using the defined benefit formula at the date of transfer. We'll combine this amount with your existing accumulation component.

### CHANGING JOBS?

If you leave your employer before we process your request we may be unable to process your transfer to Accumulation 2.

You can transfer to Accumulation 2 in the future if your employment circumstances change and you become a contributing DBD member again.

### STILL NEED MORE INFORMATION TO HELP YOU DECIDE?

To help you make your decision, we suggest the following resources:

- our *Choosing your style of super* video at [unisuper.com.au/choosingyoursuper](https://www.unisuper.com.au/choosingyoursuper)
- the *Defined Benefit Division and Accumulation 2 Product Disclosure Statement (PDS)* together with the *How we invest your money, Insurance in your super, What happens to your inbuilt benefits if you choose Accumulation 2* and *More about the DBD and Accumulation 2* booklets available at [unisuper.com.au/pds](https://www.unisuper.com.au/pds).

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This information is of a general nature only and includes general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement for your membership category and whether to consult a licensed financial adviser. This information is current as at April 2020 and is based on our understanding of legislation at that date. Information is subject to change. To the extent that this fact sheet contains information which is inconsistent with the UniSuper Trust Deed and Regulations (together the Trust Deed), the Trust Deed will prevail.

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Date: April 2020 UNIS000F48 0420

[unisuper.com.au](https://www.unisuper.com.au)

# Transferring from the Defined Benefit Division to Accumulation 2



## AVOID PROCESSING DELAYS

Check you're using the latest version of this form. Compare the issue date at the bottom of this page with the version available at [unisuper.com.au/forms](https://unisuper.com.au/forms).

Complete this form to elect to transfer your UniSuper membership from the Defined Benefit Division (DBD) to Accumulation 2.

### Once you've made an election to transfer to Accumulation 2 you're unable to reverse the decision.

You should read the *Defined Benefit Division and Accumulation 2 PDS* (and its associated documents) for information about membership, and consider seeking advice from a UniSuper super consultant or a qualified UniSuper financial adviser before you make your decision.

The PDS contains information about how long you have to make a decision about transferring to Accumulation 2. Generally, if you don't make an election within two years of the date your DBD membership commenced, you'll remain a member of the DBD. So we must receive and process this form within two years of the date you join the DBD.

If you'd like to remain a member of the DBD, you don't need to make an election.

If you transfer to Accumulation 2, your inbuilt benefits will cease.

If you elect and receive external insurance cover to replace your inbuilt benefits – known as 'transitioned cover' – it will be added to any existing external cover you have through your UniSuper membership, subject to the automatic acceptance limit.

Visit [unisuper.com.au/choosingyoursuper](https://unisuper.com.au/choosingyoursuper) if you need more information to make your decision.

If you're under age 25 or have an account balance less than \$6,000, and you have insurance cover you've not elected to receive or keep, you'll need to tell us you want to keep that cover or we may cancel it when you transfer to Accumulation 2.

Read the *Insurance in your super* and *What happens to your inbuilt benefits if you choose Accumulation 2?* documents, available at [unisuper.com.au/pds](https://unisuper.com.au/pds).

### Need help?

- Email [enquiry@unisuper.com.au](mailto:enquiry@unisuper.com.au)
- Call **1800 331 685**, or
- Visit [unisuper.com.au](https://unisuper.com.au)

## SECTION 1 — Your details

Please use BLACK or BLUE BALLPOINT PEN and print in CAPITAL LETTERS. Cross where required **X**

UniSuper member number

If you're unsure, refer to your most recent correspondence or call us.

Title Mr  Mrs  Ms  Dr  Professor

Other

Surname

Given name

Date of birth (DDMMYYYY)

Contact number

Employer

## SECTION 2 — Insurance election

If eligible, would you like to receive external Death, TPD and income protection cover (transitioned cover) to replace your inbuilt benefits, in addition to any existing external insurance cover you may already have?

- Yes. Go to SECTION 3
- No. Continue.

**If you make no election and you transfer to Accumulation 2, you won't receive transitioned cover.**

Are you under age 25 or do you have an account balance of less than \$6,000?

- **No.** Go to Section 3
- **Yes.** Continue.

form continues →



## SECTION 2 — Continued


Would you like to keep any existing external insurance cover you may have?

Yes.

If you don't tick this box, we'll cancel any cover that you haven't elected to receive or keep if, on the day you transfer:

- you're under age 25, or
- you have an account balance of less than \$6,000.

## SECTION 3 — Member election, declaration and signature

 Please read this declaration before you sign and date your form.

- I declare the information I have given on this form is true and correct.
- I have read and understood the information in the *Defined Benefit Division and Accumulation 2 PDS* including the documents that have been incorporated by reference.
- I understand that:
  - my inbuilt benefits will cease.
  - if I don't elect to receive external insurance cover to replace my inbuilt benefits, I may have no insurance.
  - my election to transfer to Accumulation 2 is irrevocable and I will be unable to return to Defined Benefit Division membership at a later date.
  - my membership of Accumulation 2 will be effective from the commencement date of the pay period after we received the election.
  - if I cease employment before my election is effective, my request to transfer to Accumulation 2 may not be processed.
  - my converted defined benefit component transferred into Accumulation 2 and any future contributions received will be invested in line with my current future contributions strategy for my accumulation component. This future contributions strategy will now apply to my Accumulation 2 account. If I have not nominated a future contributions strategy, my future contributions strategy will be the same as the way my current contributions are invested in my accumulation component. If I don't have an accumulation component, then any future contributions will be invested in the default Balanced investment option.
  - external insurance cover will cease if I do not have sufficient funds to pay the premiums when due.
- I consent to my personal information being used in line with UniSuper's Privacy Policy.

Member signature

Date (DDMMYYYY)

## Privacy statement

UniSuper is committed to protecting your personal information and the confidentiality of your information in accordance with privacy law obligations.

The information that you provide to UniSuper on this form is collected and used in accordance with our Privacy Statement and Privacy Policy which can be found online at [unisuper.com.au/privacy](https://unisuper.com.au/privacy).

If you have any privacy related questions, please call **1800 331 685**.



## RETURNING YOUR FORM

Email: [enquiry@unisuper.com.au](mailto:enquiry@unisuper.com.au)

Mail: UniSuper, Level 1, 385 Bourke Street,  
Melbourne VIC 3000