Choosing a style of super that suits you
Deciding between the Defined Benefit Division and Accumulation 2

As a UniSuper member, you’re given the opportunity to choose a style of super that suits you.

When you joined UniSuper, you automatically became a member of the Defined Benefit Division (DBD). Within the first 24 months of DBD membership, you have the opportunity to transfer from the DBD to Accumulation 2. This fact sheet is designed to help you understand the difference between the two so you can choose a style of super that best suits you.

It’s important to note that once you have decided which super suits you best—or have not made a selection and therefore remain a DBD member—you cannot change to a different type of membership in the future.

Some other resources available to help you make your decision are:
- an online tutorial with more details about the two account types—visit unisuper.com.au/choose
- the Defined Benefit Division and Accumulation 2 Product Disclosure Statement (PDS) together with the How we invest your money, Insurance in your super and What happens to your inbuilt benefits if you Choose Accumulation 2 booklets which have been incorporated into the PDS. You can find this information at unisuper.com.au/pds.

Overview

With both the Defined Benefit Division and Accumulation 2, you’re saving to fund your retirement but the two differ in the way your super benefits are calculated, as well as your investment and insurance options.

Some of the key differences between the DBD and Accumulation 2 are outlined below.

Defined Benefit Division

If you decide to remain a DBD member, your benefit is made up of two components—an accumulation component and a defined benefit component. If you receive employer contributions at the rate of 17%, 14% is directed to your defined benefit component and 3% directed to your accumulation component. This is subject to certain conditions.

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 this component is invested.

HOW YOUR BENEFIT IS INVESTED

The defined benefit component is calculated using formulas set out in the Trust Deed. Member and employer contributions are pooled together and invested as a single diversified portfolio that includes shares, property, fixed interest, cash, and other investments. It is then used as required to pay your benefit. Market fluctuations are less likely to directly affect your final benefit, and it is the Fund that bears most of the investment risk.

RISKS ASSOCIATED WITH DEFINED BENEFITS

The DBD is designed on the basis that, in the long term, the investment returns are expected to be sufficient for the DBD to provide UniSuper’s defined benefits. However, this is not guaranteed, and over short periods, the funding position may vary with investment volatility. There is a risk that the defined benefit pool is or could be insufficient to meet all obligations to DBD members, in which case your defined benefit may be reduced. Clause 34 of the UniSuper Trust Deed sets out rules and processes which UniSuper must adhere to manage the financial position of the DBD to ensure it can continue to pay member benefits as they fall due.

Essentially, where an actuarial review determines that the Fund’s assets may not be sufficient to cover liabilities, a monitoring period of at least four years is triggered during which the DBD will be closely monitored. Over this period, further actuarial investigations will be conducted to assess the financial health of the DBD.

After the end of this monitoring period, an assessment will be made about whether it is in the interests of members of the DBD as a whole to reduce the benefits payable from the DBD. If the Trustee decides to reduce benefits, it must do so on a fair and equitable basis.
Under Clause 34 there are now two four-year monitoring periods in place. These conclude on 30 June 2016 and 30 June 2017 respectively. At the end of these periods, the Trustee may consider if defined benefit reductions are required.

For a detailed explanation of how the changes could affect you, refer to our website unisuper.com/dbdupdate.

**DBD INBUILT BENEFITS**

As a DBD member, you currently have access to inbuilt benefits subject to satisfying criteria set out in the Trust Deed. These benefits are payable in the event of temporary incapacity, disablement, terminal medical condition and death.

Inbuilt benefits contain a component which is self-insured by Unisuper, not by an external insurance provider. In-built benefits are calculated using a formula in the Trust Deed. DBD members cannot opt out of inbuilt benefits.

The cost of providing these benefits is built into the formula and is not deducted from your accumulation or defined benefit account.

**Accumulation 2**

Accumulation super offers you choice when it comes to how your money is invested and your insurance options so you can tailor these to meet your needs.

**INVESTMENT CHOICE**

With accumulation-style super, you can choose how your whole account is invested and your super balance is influenced by the amount of contributions you make and the performance of investment markets. 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 and your savings goals.


**INSURANCE COVER**

If you decide to become an Accumulation 2 member, your inbuilt benefits will cease and instead you will receive Death, Total & Permanent Disablement (TPD) and Income Protection insurance cover (if you're eligible) provided by our Insurer, TAL Life Limited.

Please note that some or all of the cover you receive will have a pre-existing condition exclusion (PEC) applied for a period of 12 months to three years.

The cost of external insurance cover is generally determined by your age and level of cover and you have the flexibility to increase it, decrease it or opt out of it altogether if you want to.

For an overview of how inbuilt benefits transition to external insurance cover, see What happens to inbuilt benefits if you choose Accumulation 2? booklet, available on our website.

For information about the terms and conditions that apply to the external insurance cover provided by our insurer, please read the Insurance in your super booklet, available on our website.

**Making a choice**

When it comes to making a choice between the two different types of super, there are a number of things to consider—investment choice, risk appetite, how your benefit is calculated and whether you prefer external insurance cover over inbuilt benefits.

For more information about the differences between the DBD and Accumulation 2, and to find out whether you're eligible to transfer to Accumulation 2, please read the PDS together with Insurance in your super and What happens to your inbuilt benefits if you choose Accumulation? important information booklets, available at unisuper.com.au/pds.

**HOW TO TRANSFER TO ACCUMULATION 2**

If you decide to transfer from the DBD to Accumulation 2, please complete the Transferring from the Defined Benefit Division to Accumulation 2 form, available on the Forms and Documents page of our website.

**TRANSFERRING YOUR BENEFIT TO ACCUMULATION 2**

Superannuation benefits for DBD members are largely determined by a formula.

If you choose to transfer to Accumulation 2, your defined benefit will be converted to an accumulation benefit and transferred with your existing accumulation component to Accumulation 2.

We’ll convert your defined benefit to an accumulation benefit using a formula. This formula takes into account things like how long you’ve been contributing to the DBD and whether you’re working full or part-time. Your defined benefit formula is explained on your regular benefit statement. You can also get an estimate of your current defined lump sum value through MemberOnline, the secure section of our website.

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 1 October 2016 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.

Issued by: UniSuper Management Pty Ltd ABN 91 006 961 799, AFSL No. 235907 on behalf of UniSuper Limited the trustee of UniSuper, Level 1, 385 Bourke Street, Melbourne Vic 3000.

Fund: UniSuper, ABN 91 385 943 850

Trustee: UniSuper Limited, ABN 54 006 027 121

Date: October 2016

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

**Important information**

You should read the Defined Benefit Division and Accumulation 2 PDS, What happens to your inbuilt benefits if you choose Accumulation 2?, and How we invest your money booklets for information about membership and seek advice from a qualified financial adviser before you make your decision.

The PDS contains detailed information about how long you have to make a decision about transferring to Accumulation 2. However, as a general rule, if you do not make an election within 24 months of your ‘date first joined fund’ (shown on your welcome letter) you will automatically remain a member of the DBD. If the form is received after this date it may not be able to be processed and you will remain in the DBD.

If you wish to remain a member of the DBD you do not need to make an election. Only eligible DBD members can access inbuilt benefits so if you choose to move to Accumulation 2 (subject to eligibility), your inbuilt benefits will transition to external insurance cover and be added to any existing external cover you have through your UniSuper membership.

If you have opted out of default external insurance cover as a DBD member, your inbuilt benefits will still be transitioned to external insurance cover when you become an Accumulation 2 member. If you don’t want this transitioned cover, please complete the Changing your insurance cover form (once you’ve transferred to Accumulation 2).

Refer to the Insurance in your super booklet and What happens to your inbuilt benefits if you choose Accumulation 2?, available on our website.

Once you have made an election to move to Accumulation 2 you cannot reverse the decision.

**Further information**

If you need further information:
- email enquiry@unisuper.com.au
- call us on 1800 331 685, or
- visit our website at unisuper.com.au

**Privacy information**

UniSuper recognises the importance of protecting your personal information and is committed to complying with its privacy law obligations. For more information on how we collect and manage your information please refer to the Privacy statement at the end of this form.
SECTION 1 — Continued

Is your postal address different from your residential address?

☐ No. Go to Section 2.
☐ Yes. Please provide your postal address below.

Postal address, number and street (or PO Box if applicable)

Suburb/Town

State Postcode

Country (if not Australia)

SECTION 2 — Member election, declaration and signature

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

• I elect to transfer my UniSuper membership from the Defined Benefit Division to Accumulation 2.
• 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 booklets that have been incorporated by reference.
• I understand that:
  - my election 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 which we received the election.
  - my converted defined benefit component transferred into Accumulation 2 and any future contributions received will be invested as per the future contributions strategy existing 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, then my future contributions strategy will be the same as the way my current contributions are invested in my accumulation component. If I do not have an accumulation component, then any future contributions will be invested in the Balanced option, the Fund’s default investment option.
  - my inbuilt benefits will cease and transition to external insurance cover with our Insurer, TAL Life Limited.
• I consent to my personal information being used in accordance with UniSuper’s Privacy Policy.

Member signature

Date (DDMMYYYY)

Privacy statement

UniSuper recognises the importance of protecting your personal information and we’re committed to complying with our privacy law obligations.

We collect your personal information to administer your account, improve our products and services and to provide you with, and promote, UniSuper membership benefits, services and products. You consent to our collecting sensitive information about you, where collecting that information is reasonably necessary for us to perform one or more of our functions or activities. We usually collect personal and sensitive information directly from you, however, it may also be collected from third parties, such as your employer.

We may also collect this information from you because we are required or authorised by or under an Australian law or a court/tribunal order to collect that information.

If you do not provide this information, we may not be able to administer your account, or provide you with a product or service.

We may disclose your information to any service provider we engage (for example mail houses, auditors, insurers, actuaries, lawyers) to carry out or assist us to provide your membership benefits, services and products. This includes overseas entities. Where information is transferred overseas, we will seek to ensure the recipient of the data has security systems to prevent misuse, loss or unauthorised disclosure in line with Australian laws and standards.

Our Privacy Policy contains information about how you may access any personal information held by us, how to correct your information and how to make a complaint about a breach of the Privacy Act. Our Privacy Policy is available from our website at unisuper.com.au or by calling us on 1800 331 685.