



Hunter United Pension Fund

Retirement Savings Account (RSA)

Product Disclosure Statement (PDS) – Account Based Pension


22 August 2023



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READ THIS

This PDS provides a summary of the key information about the Hunter United Pension Fund to help you make an informed decision about opening an account. It also includes links to important information that is part of this PDS marked with a . You should read all of this information before making a decision to invest in this product.

The information in this document is general information only and does not take into account your personal financial objectives, situation or needs. Taxation considerations are general and based on present tax laws, rulings and their interpretation as at the date this PDS was prepared. You should consider independent financial advice tailored to your personal circumstances before making any decision based on this information. This PDS can only be used by persons receiving it (electronically or otherwise) in Australia. Applications from outside Australia will not be accepted. The information in this PDS is current as at the date it was prepared. The information in this PDS is subject to change from time to time and may be updated. Updated information, if not materially adverse, can be obtained by going to our website www.imb.com.au or contacting us on 133 462. You can request a paper copy of this PDS at any time and this will be provided free of charge. Please see our Financial Services Guide on our website for information on our full range of products and services.

1. About The Hunter United Pension Fund

About Account Based Pensions

The Hunter United Pension Fund is a complying Account Based Pension which offers a Transition to Retirement Pension option.

Account based pensions are designed to convert your accumulated superannuation into a tax effective income stream – your own pension. This income is automatically paid periodically into your nominated bank account. The amount drawn down can vary from year to year to suit your circumstances, subject to a minimum annual draw down amount in any one year (see section 2 for details).

Transition to Retirement

Transition to retirement rules allow you, if you have reached your preservation age but are less than 65 years old and are still working, to be able to reduce your working hours without reducing your income. You can do this by topping up your part-time income with a regular 'income stream' from your superannuation account.

Under these rules, you can only access your super benefits as a 'non-commutable' income stream. A non-commutable income stream is one that cannot be converted into a lump sum. This generally means you cannot take your benefits as a lump sum cash payment while you are still working. You must take your super benefits as regular pension payments.

Employers still need to make compulsory super guarantee contributions for all their eligible employees, including people participating in transition to retirement. So, if you remain in the workforce while being paid an income from your transition to retirement income stream, you will need to maintain a separate superannuation fund account which can accept superannuation contributions from you or made on your behalf. This is because you cannot add to your transition to retirement account once it commences.

When considering the tax aspects of retirement, transition to retirement or superannuation income streams, we recommend you seek financial advice to find out what is best for you.

About Hunter United

Hunter United commenced life in 1963 as the BHP (Newcastle) Employees' Credit Union and progressively grew into a community based financial institution serving the Hunter Valley. In 2020, Hunter United merged with IMB Bank providing members with an expanded range of products and services.

Hunter United as a division of IMB Ltd trading as IMB Bank" (IMB) operates a complying account based pension and retirement savings account (RSA) under its Australian Financial Services Licence (AFSL 237391).

IMB Bank has fifty-two branches across New South Wales and Victoria, including four branches in the Hunter Region: Broadmeadow, Charlestown, Glendale, and Green Hills (East Maitland).

We specialise in providing value for money financial services to our customers including savings, loans, credit cards and investment services*.

Unlike listed companies, IMB Bank is not driven by big profits for shareholders - it is our job to deliver great service and benefits to our customers. That's how we can offer very competitive rates to our borrowers and investors and keep fees low.

Our liquid investments are all held in cash type investments with Australian banks and other Authorised Deposit-Taking Institutions (ADI's). These investments, by their nature, are short term and can generally be converted into cash within 48 hours. We do not invest in speculative or high-risk investments.

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

Customer deposit balances at IMB up to \$250,000, are guaranteed by the Australian Government. For more information about the terms and conditions that apply to the capital guarantee, see www.fcs.gov.au.

**Products issued by Hunter United as a division of IMB Ltd trading as IMB Bank" (IMB). You should obtain and consider the relevant terms and conditions prior to deciding whether or not to acquire the product.*

2. How Our Pension Fund Works

Purchasing your pension

An Account Based Pension can only be purchased with savings accumulated in superannuation benefits. These can be rolled from another superannuation fund.

It's important to remember that additional transfers and contributions to your pension account cannot be made once it has commenced. This means that any other superannuation benefits that you wish to rollover must be invested in a separate account based pension. It is therefore common place that superannuation balances are consolidated prior to opening an account based pension. The Hunter United Super Fund is ideal for this purpose as there is no entry cost and a low exit fee provided the entire balance is rolled into a Hunter United Account Based Pension.

i *For further details, refer to Hunter United Super Fund PDS which can be obtained from www.imb.com.au.*

An individual's eligibility to rollover superannuation funds into the Hunter United Pension Fund is summarised below:

- You have access to your super as you have reached your preservation age and have retired permanently from the workforce with the intention of never returning to work; or
- You are aged 65 or over (whether or not you have retired); or
- You have reached your preservation age and have selected the "Transition to Retirement" option; or
- You are totally and permanently disabled (assuming conditions of release are met as required by legislation).

A minimum of \$30,000 in superannuation funds is required to open a Hunter United Pension Fund account (our minimum investment amount).

The Government has imposed limits on the amount that can be transferred into retirement phase accounts (known as the Transfer Balance Cap*) without incurring a penalty. You will need to ensure that the total amount of superannuation transferred to your pension account does not exceed the \$1.9 million Transfer Balance Cap. Any amount of super you have above \$1.9 million can be retained in an accumulation account and/or be taken as a lump sum payment.

** From 1 July 2023 the Transfer Balance Cap is \$1.9 million. In future years, the Transfer Balance Cap may be indexed in \$100,000 increments in line with increases in the Consumer Price Index (rate of inflation).*

How your money is invested

The Hunter United Pension Fund is a cash-based investment, managed by IMB Bank. The Pension Fund is capital guaranteed meaning that your investment is protected from negative investment earnings.

i *Your investment will attract a variable and/or fixed rate of interest in accordance with your nominated option (see section 5).*

Receiving and accessing your pension

We will request your instruction each July as to how much income you wish to draw down for the next financial year, and how frequently you wish to receive a pension payment (monthly, quarterly, semi-annually or annually).

Minimum annual payments are determined by your age and the balance of your account at 1 July each year. The current minimum annual drawdown amounts (age based pension factors) are outlined in the following table. These age based pension factors are current at the date of this PDS but are reviewed by the Government from time to time. If you have chosen the Transition to Retirement option there is also a maximum allowed drawdown of 10% of your account balance (as at 1 July each year).

Age	Minimum Annual Payment*
Under 65	4%
65 - 74	5%
75 - 79	6%
80 - 84	7%
85 - 89	9%
90 - 94	11%
95 or more	14%

**These percentages are applied to your balance on 1 July each year to determine the minimum payments. The minimum annual payment amounts are subject to variation by the Australian Government.*

NB: In the first year, the amount you will receive will be pro-rated, based on the remaining number of days in that financial year. If you commence your Hunter United Pension Fund account after 1 June there is no minimum drawdown amount in that financial year (i.e. you are not required to receive a pension payment for that financial year).

Rollovers or transfers to another superannuation product, or lump sum cash withdrawals, do not count towards satisfaction of the minimum payment.

The Hunter United Pension Fund will make regular payments (monthly, quarterly, semi-annually or annually) either directly into your linked Hunter United transaction account or another nominated account with a Bank or ADI operating in Australia.

Payments will be made on the twentieth day of the month. If the twentieth day falls on a weekend or public holiday, your income payment will be processed on the next business day.

You can elect to change your pension payment frequency or amount at any time, so long as the total yearly payment satisfies the Government's set minimum amount. Unless you request an alteration, you will continue to receive the same pension payments each year, adjusted to reflect changes to the Government-imposed minimum limits if required.

Pension payments will continue to be paid to you until the balance of your Hunter United Pension Fund account is exhausted. If you decide to leave Hunter United, you may transfer your pension account to another qualifying super fund or RSA provider, or take

the balance of your account as a lump sum (not applicable to Transition to Retirement pensions).

Annual statements will be issued.

i *The balance of your Hunter United Pension Fund can also be viewed via our secure RSA Online service at www.imb.com.au.*

Lump sum withdrawals

Lump sum withdrawals (i.e. withdrawals over and above your regular drawdown payment) can be requested by completing a withdrawal form available from www.imb.com.au. These requests are typically processed within three (3) business days to your nominated account with a Bank or ADI operating in Australia. Lump sum withdrawals can have potential implications for your taxation and Centrelink entitlements and independent professional advice should be sought prior to requesting a lump sum withdrawal.

Lump sum withdrawals are not available in Transition to Retirement pensions.

No forfeiture of investment

If you die while a balance remains in your Hunter United Pension Fund account, your remaining balance will be passed to your dependents or estate (and is not forfeited). If you nominate your spouse or any other eligible dependent (such as your child) to be a reversionary pensioner as part of your will, your pension payments will revert to that person when you die.

i *We recommend you talk to your solicitor about referencing your Hunter United Pension Fund in your will.*

Minimum account balance

The minimum opening investment amount is \$30,000.

After you have started receiving regular pension payments from Hunter United the minimum account balance you can have is \$2,000. Once you fall below this minimum amount we will close your account and pay the remaining balance (after fees and taxes) to your nominated account.

Social security considerations

If you receive social security benefits, you should be aware that an investment in a pension account might affect your entitlements. We recommend that you seek professional advice prior to opening a pension account.

Generally, to qualify for the Age Pension, you are assessed under two tests:

- the Income Test; and
- the Assets Test.

In order to qualify for the maximum Age Pension amount, you need to pass both tests. The test which gives you the lowest entitlement determines the amount of Age Pension you receive.

The balance of any pension accounts you hold is included in the determination of your assets for the purposes of the Assets Test.

For the Income Test, your pension accounts may be deemed to generate a certain level of income based on a deemed rate of return. This rate of return is assumed to apply even if the actual amount of income you receive from your pension is greater or less than the deemed level of income.

i *For Centrelink assessment of your Pension Fund we would advise you to contact your local Centrelink Office.*

3. Benefits Of Our Pension Fund

The Hunter United Pension Fund provides you with a secure, low cost and tax effective retirement income stream because we offer:

- a capital guarantee - your investment is protected from negative returns;
- choice of a variable and fixed term interest rate;
- no entry fees;
- no management fees;
- low ongoing fees;
- low exit fees;
- easy access to your money on a regular and

timely basis;

- internet access to your account balance;
- transition to retirement;
- concessional taxation treatment;
- your money is kept locally.

4. Risks Of Investing In Our Pension Fund

All investments have some level of risk. While the Hunter United Pension Fund is a low-risk investment, there are some risks you should consider before investing.

Our Pension Fund may not provide an income stream for the rest of your life as it depends on the amount of money invested, the rate of return and your future life span.

A capital guaranteed investment on its own may not provide sufficient returns to provide adequately for your retirement. Other types of growth investments (such as shares) have greater volatility and less security in the short term but have the potential to generate better returns over the long term.

When considering this investment, it is important to understand that:

- the variable interest rate return is not guaranteed;
- the fixed interest rate return could be overtaken by market movements;
- previous returns don't predict future performance;
- insurance coverage is generally not available; and
- laws affecting your account based pension may change.

5. How We Invest Your Money

The Hunter United Pension Fund is a 100% cash capital guaranteed investment and does not invest in any other asset classes.

We offer investors the choice of a variable rate of return and a fixed term interest rate (see table below).

If you do not nominate an investment option, your funds will be invested in the Variable Interest Rate option.

You can apply for the Fixed Term Interest Rate option provided you invest:

- a minimum of \$20,000; and
- keep sufficient funds (i.e. 30% of your account balance) invested in the Variable Interest Rate option to allow for drawdowns and fees.

You can apply to redeem your Fixed Term Interest Rate option prior to maturity by providing 31 days written notice.

i *If we agree to your request, you will be charged an early termination fee (see section 7).*

Investment options

	Variable Interest Rate	Fixed Interest Rate
Investment Return Objective*	Inflation rate (preserve purchasing power)	Inflation rate (preserve purchasing power)
Interest Calculated	Interest calculated daily and credited monthly	Interest calculated daily and paid at the end of the term
Mix of Asset Classes	Cash 100%	Cash 100%
Description	This fund is designed for investors who want a low risk: low return investment that safeguards their capital from investment losses while providing returns in line with inflation. There will be some fluctuations of returns	This fund is designed for investors who want a low risk: low return investment that safeguards their capital from investment losses while providing a fixed rate of return for the term selected. There will be fluctuations of returns from term to term.
Minimum Time Frame	No minimum period	The minimum term is 6 months
Summary Risk Level	Low Risk: Low Return. No risk of losing money.	Low Risk: Low Return. Certainty of return.

** The investment objective is the investment return we seek to achieve after fees and taxes. It is designed to keep returns in line with the rate of inflation. For example, if the objective for an investment option is inflation and the inflation rate is 4% then the objective return would be 4%.*

Note: The Hunter United Pension Fund does not specifically take into account labour standards, or environmental, social and ethical considerations, in the selection, retention or realisation of investments, as it wholly invests in cash. The funds under management are used predominantly to lend for residential mortgages in the Hunter region.

6. Past Performance

Please refer to our website - imb.com.au, for detailed information concerning the average annual effective rate of return paid by the Hunter United Pension Fund's Variable Interest Rate option.

Warning: *Past performance should not be taken as indicative of future performance. The rate of return is not guaranteed.*

7. Fees and Other Costs

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Fund's assets as a whole.

Taxes are set out in another part of this document.

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

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example:

Total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

TO FIND OUT MORE:

If you would like to find out more or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

TYPE OF FEE OR COST	AMOUNT
Fees when your money moves in and out of the Fund	
Establishment Fee - The fee to open your investment	Zero
Contribution Fee - The fees on each amount contributed to your account	Zero
Withdrawal Fee - The fee on each lump sum withdrawal made from your account	A fee of \$50 will be charged against your account balance for each lump sum withdrawal
Termination Fee - The fee to close your account	Zero, however where a lump sum withdrawal is made as part of the closure of your account, the withdrawal fee will be charged.
Fixed Term Early Termination Fee	1% of the balance of your fixed term at early termination (see example page 10). Fee payable if a fixed term investment is terminated early.
Management costs	
The fees and costs for managing your investment	Zero
Service fees	
Administration Fee	\$10.00 per month deducted from your account balance (includes access to a linked IMB transaction account).
Family Law Act - Information Request Fee (eligible person)	\$110 charged to the person requesting the information.
Family Law Act – Splitting Account Fee (splitting order or agreement)	\$275 charged against your account when the split is actioned.

Fees and costs related to the administration of your account are deducted directly from your account balance and the amounts will be shown on your account statement.

Additional explanation of fees and other costs

There are no other fees and costs for the Hunter United Pension Fund. The Administration Fee paid each month covers all processing and administration undertaken on your pension account.

The level of fees and costs can change from time to time. Hunter United will always notify you in advance of any fee change to your Hunter United Pension Fund account. We also reserve the right to debit your account with any applicable government charges that may be introduced. We will notify you if we do this.

Example

Other funds use the same example as the one below so you can compare fees and costs.

Hunter United Pension Fund		BALANCE OF \$50,000 WITH TOTAL Pension Payments OF \$5,000 DURING YEAR
Contribution Fee	Zero	You will not be charged any contribution fees.
PLUS Management Fee and Administration Fee	0% + \$120 (\$10 per month)	Each year you will not be charged a Management Fee, you will only be charged \$120 in Administration Fees regardless of the balance of your account.
EQUALS Cost of fund		If you draw down \$5,000 in pension payments during a year and your balance was \$50,000, then for that year you will be charged fees of \$120.
An additional fee of \$50 may apply if you elect to make a lump sum withdrawal or terminate your account.		

Example - Fixed term early termination fee

If we agree to redeem your fixed term option prior to maturity you will be charged an Early Termination Fee.

The fee is calculated using the following formula:

$A \times B \times C$ where: $A = 1\%$

B = the residual term relative to the full fixed term

C = the fixed term option balance immediately prior to redemption

For example, David invested \$100,000 for 12 months on 1/1/2018. David requested and we agreed to allow David to redeem his balance effective 1/7/2018.

The residual term is equal to 183 days.

David's fixed term option balance prior to redemption was \$102,500.

Early termination fee = \$512.50 ($1\% \times 183/366 \times \$102,500$).

8. How Pension Funds Are Taxed

The information in this section is general in nature and gives a broad overview of the current taxation of pensions. As tax is complex and individual circumstances may differ, you should seek independent advice from a suitably qualified professional in relation to the tax implications of your particular circumstances.

The Government provides a range of incentives to encourage people to be self-sufficient in retirement. Tax concessions and other government benefits generally make an account based pension a favoured vehicle for investing and receiving a retirement income stream. Taxation concessions include:

- No tax is payable when you transfer your superannuation into a pension fund (except from untaxed super funds - generally taxable at a rate of 15%).
- Earnings from assets supporting a Transition to Retirement pension are taxed at 15%.
- Earnings from assets supporting an Account

Based Pension are not taxed, thereby delivering higher net returns to account based pension holders.

- For persons aged 60 and over, both regular pension payments and lump sum withdrawals received through an Account Based Pension are tax free and do not need to be declared as assessable income on your Tax Return.

IMB will pay the tax applying to your account directly to the Australian Taxation Office. This tax is deducted from your Hunter United Pension Fund account balance and is shown on your annual statement.

i You must provide Hunter United with a completed Tax File Number Declaration Form when you open your Hunter United Pension Fund.

Taxation of Account Based Pension

In general, the tax payable on the taxable component of your Hunter United Pension Fund account is as follows:

TAX ON INCOME STREAM PAYMENTS AND LUMP SUM WITHDRAWALS

Payment Type	Age	Maximum Rate of Tax	
		Tax-free component	Taxable component
Regular income stream payment	60 or more	0%	0%
	55-59	0%	Marginal tax rate plus Medicare Levy* with a 15% tax offset
	Under 55	0%	Marginal tax rate plus Medicare Levy*
Lump sum withdrawal	60 or more	0%	0%
	55-59	0%	0% up to the Low Rate Cap** Your marginal tax rate or 17% (whichever is lower) for amounts above the Low Rate Cap
	Under 55	0%	Your marginal tax rate or 22%, whichever is lower.

* The Medicare Levy is 2% of your taxable income.

** The Low Rate Cap from 1 July 2023 is \$235,000. This cap may be indexed in future years in \$5,000 increments.

Note: If the lump sum withdrawal is greater than the Untaxed Plan Cap (\$1,705,000 for the 2023/24 financial year), any amount withdrawn over the Untaxed Plan Cap will be taxed at the top marginal tax rate, regardless of your age at the date of withdrawal.

Taxation of Transition to Retirement Pension

If you are aged 60 or over, and your Transition to Retirement pension is paid from a taxed source, you do not have to declare your transition to retirement income on your income tax return.

If you are aged between your preservation age and 60 years, or if the Transition to Retirement pension is paid from an untaxed source, you will need to declare the taxable component of the income stream on your income tax return.

You do not have to advise your employer that you are receiving a Transition to Retirement pension nor do you have to advise Hunter United that you are receiving employment income. However, you will need to decide from which payer you wish to claim the tax free threshold. If you claim the tax free threshold with both payers, you may end up with a tax liability at the end of the income year.

9. Privacy

When handling your personal information, we are bound and committed to complying with the Australian Privacy Principles as contained in the Privacy Act 1988.

i *A copy of our Privacy Policy outlining how we handle your personal information is maintained on our website and can be accessed at www.imb.com.au.*

10. Complaints

Our aim is to provide a quality service that meets your needs. Where you feel there is room for improvement, or you have a concern or an issue that needs to be addressed - please let us know by talking to someone at an IMB branch or call on 133 462.

Alternatively, you may wish to put your complaint in writing. Complaints in writing should be addressed to:

Member Relations
IMB Ltd
PO Box 2077
WOLLONGONG NSW 2500

Once all the information is received, we will investigate your complaint and advise you of the outcome, or that we need more time to complete our investigation.

If you are not satisfied with our handling of your complaint or our decision, then you may be able to take your complaint to the Australian Financial Complaints Authority (AFCA) for further consideration.

IMB is a member of the Australian Financial Complaints Authority (AFCA). This is a self-regulatory service providing an external and impartial dispute resolution process for members of participating building societies, credit unions, banks and other financial service providers. AFCA's determinations are binding upon IMB if you accept the decision.

You can contact the Australian Financial Complaints Authority (AFCA) by:

Mail address:

Australian Financial Complaints Authority (AFCA),
GPO Box 3, Melbourne VIC 3001

Telephone: 1800 931 678

Email: info@afca.org.au

Website: www.afca.org.au

11. Contact Details

If you have any questions or would like more information, please contact IMB Bank:

Phone: 133 IMB (133 462)

Internet: www.imb.com.au

Mailing address:

IMB Bank, PO Box 2077, Wollongong NSW 2500.

Head Office:

IMB Bank, 47 Burelli St, Wollongong NSW 2500

By phone from outside Australia: +61 2 4298 0111

The Hunter United Pension Fund is issued by IMB Limited trading as IMB Bank.

ABN 92 087 651 974

AFSL 237391

IMB currently utilises the services of The Apex Group to provide certain administrative support services to assist in the provision of the Hunter United Pension Fund.

