



**Hunter United**

# Pension Fund

Retirement Savings Account (RSA)

**Product Disclosure Statement (PDS) – Account Based Pension**

22 May 2021

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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](http://www.imb.com.au) or contacting us on (02) 4941 3888. 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.



IMB up to \$250,000, are guaranteed by the Australian Government.

- ❶ *For more information about the terms and conditions that apply to the capital guarantee see [www.fcs.gov.au](http://www.fcs.gov.au) or call the APRA Hotline on 1300 558 849.*

*\*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 over from another Hunter United superannuation product or 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.

- ❶ *For further details, refer to Hunter United Super Fund PDS which can be obtained from [www.imb.com.au](http://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 \$1.6 million Transfer Balance Cap. Any amount of super you have above \$1.6 million can be retained in an accumulation account and/or be taken as a lump sum payment.

*\* For the 2019-20 financial year the Transfer Balance Cap is \$1.6 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 Hunter United. The Pension Fund is capital guaranteed meaning that your investment is protected from negative investment earnings.

- ❶ *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 is within 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](http://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](http://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 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
<b>Investment Return Objective*</b>	Inflation rate (preserve purchasing power)	Inflation rate (preserve purchasing power)
<b>Interest Calculated</b>	Interest calculated daily and credited monthly	Interest calculated daily and paid at the end of the term
<b>Mix of Asset Classes</b>	Cash 100%	Cash 100%
<b>Description</b>	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 from year to year.	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.
<b>Minimum Time Frame</b>	No minimum period	The minimum term is 6 months
<b>Summary Risk Level</b>	Low Risk: Low Return. No risk of losing money.	<b>Low Risk: Low Return. Certainty of return.</b>

*\* 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

The average annual effective rate of return paid by the Hunter United Pension Fund's Variable Interest Rate option is summarised below:

For the current rate of return and the past performance of the Fixed Interest Rate option please see [www.imb.com.au](http://www.imb.com.au).

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

### Past Performance

	Annual Effective Rate of Return (%)					5 Year Compound Average Return %
	2015 - 16	2016-17	2017 - 18	2018 - 19	2019 - 20	2015- 20
Allocated Pension Example \$100k	2.229	2.000	2.000	2.000	1.380	1.922

## 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](http://www.moneysmart.gov.au)) has a superannuation calculator to help you check out different fee options.

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in and out of the Fund</b>	
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 - 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.
<b>Management costs</b>	
The fees and costs for managing your investment	Zero
<b>Service fees</b>	
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 WITHDRAWALS 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 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 account based 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% 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** 15% plus Medicare Levy for above the Low Rate Cap
	Under 55	0%	20% plus Medicare Levy

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

\*\* The Low Rate Cap for the 2019-20 financial year is \$210,000. 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 (\$1,515,000 for the 2019-20 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. How To Open An Account

**Step 1.** Read this PDS, including the important information referred to in this PDS.

**Step 2.** Complete the Application Form accompanying this PDS or available from [www.imb.com.au](http://www.imb.com.au).

**Step 3.** Complete the Transfer Authority Form included with the Application Form to provide instructions to have your superannuation (or part of) transferred to your Hunter United Pension Fund account.

**Important Note:** Consider consolidating your superannuation into one fund before transferring your super into the Hunter United Pension Fund. ***The Hunter United Super Fund is an approved rollover account, with no entry fees and a low exit fee.***

Once your Hunter United Pension Fund account commences it cannot accept any further superannuation contributions and a new account would need to be opened instead.

**A cooling-off period applies.** If you have applied to join the Hunter United Pension Fund and after joining the Fund you change your mind about joining, you may write to IMB and request a refund. We will return your money to you and no fees will apply (but

there may be some tax payable) if you cancel your membership in writing within 19 days from the date we receive your application; or within 14 days from the date your membership is confirmed.

## 10. 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](http://www.imb.com.au).*

## 11. 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. We welcome the opportunity to improve our services. Please find our Contact Details in Section 12.

We will confirm receipt of your complaint within 2 business days. Under superannuation legislation, IMB has 90 days to respond to your complaint.

**i** *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.*

Time limits may apply in relation to lodging complaints with AFCA so you should act promptly or otherwise consult AFCA to find out if there is a time limit relevant to your circumstances.

### **Australian Financial Complaints Authority**

GPO Box 3 Melbourne VIC 3001

**Phone:** 1800 931 678

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Website:** [www.afca.org.au](http://www.afca.org.au)

*For more information on IMB's cooling off period and complaints process see [www.imb.com.au](http://www.imb.com.au)*

## 12. Contact Details

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

**phone:** (02) 4941 3888

**fax:** (02) 4941 3863

**email:** [enquiry@hunterunited.com.au](mailto:enquiry@hunterunited.com.au)

**mailing address:** PO Box 851 Newcastle, NSW 2300

**head office:** 130 Lambton Rd Broadmeadow NSW

2292 **web:** [www.imb.com.au](http://www.imb.com.au)

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 Mainstream Superannuation Services to provide certain administrative support services to assist in the provision of the Hunter United Pension Fund.