

ENJOY YOUR RETIREMENT



with a Qantas Super income stream

SPECIAL FEATURES

It's tax effective and offers flexible payment options

Gives you access to your super while you're still working

You don't have to move your money when you retire

You can choose how your money is invested

It's exclusive to Qantas Super members

A Qantas Super income stream is a very flexible and tax-effective form of investment that lets you convert your super savings into a regular income, either while you are transitioning to retirement or when you retire permanently from the workforce.

We have two and they are called:

1 Transition to Retirement... while you're still working and getting ready to retire, and

2 Flexible Income... when you have permanently retired.

ENJOY the benefits ▾

| Transition to Retirement Account (TTR) | Flexible Income Account |
|--|---|
| Supplement your income You can gradually adjust to retirement by reducing your working hours and supplementing your lower salary with regular income payments. | Tax-effective income in retirement Your income stream payments are tax-free from age 60. |
| Reduce your tax* No tax is payable on investment earnings. You may also be able to reduce your income tax by combining a TTR with a salary sacrifice strategy. | Your super income stays in the super system You benefit from the tax advantages that apply to super. |
| Increase your super savings* You can continue working and make extra salary sacrifice contributions to your super. The regular income payment from the income stream then provides a top-up to your lower take-home pay. | You have access to ALL your super You can vary the amount of income you receive each year (subject to the minimum annual payment requirement) and you can withdraw one off amounts (lump sums). |

*Talk to a qualified financial adviser to determine if these strategies are right for you.

ENJOY the choice ▾

| Age | Which income stream? |
|---------------|--------------------------|
| Still working | Transition to Retirement |
| Retired | Flexible Income |

“Qantas Super income – before and after you retire.”

This document is of a general nature and does not take into account your personal objectives, situation or needs. Before making a decision about the Qantas Superannuation Plan, consider your financial needs and read the applicable Product Disclosure Statement. Issued by Qantas Superannuation Limited (ABN 47 003 806 960 | AFSL 288330) as Trustee for the Qantas Superannuation Plan (ABN 41 272 198 829).

GETTING READY to retire

THINK Qantas Super Transition to Retirement

SPECIAL FEATURES

Super income while you are still working

No lump sum withdrawals

Maximum limits apply – 10% of account balance each year

Pay no tax on the investment earnings in the Transition to Retirement Account



If you are close to retirement and you are aged 55 years or over, then a Qantas Super Transition to Retirement (TTR) might be the right choice for you.

This type of income stream allows you to ease into retirement and continue to work the hours that suit you without giving up the lifestyle you are used to. It can be used to supplement your income, reduce the tax you pay or help boost your super.

ENJOY unique qualities ▾

- You need to have reached your preservation age to be eligible (see table on next page).
- You need to be doing some paid work, but there are no restrictions on the amount of work you do, or the income you earn.
- Even though you are drawing an income from your income stream account, you can also contribute to your super. There may be some real tax advantages in doing so, particularly if you salary sacrifice. Talk to a qualified financial planner.
- You can start your TTR account with a minimum transfer of \$50,000 from your Qantas Super account, although you will need to keep some money (\$5,000) in your super account if you, or your employer, are still making contributions. If you are a Division 2 or 3 member, contact us to confirm how much of your balance can be transferred (generally the total of your accumulation accounts). Some exceptions apply, particularly if you have a guaranteed minimum benefit.
- You can leave money in your super account for as long as you like, or combine it later with your income stream account.
- Not all super funds have the facility to pay income streams.

ENJOY the differences ▾

Basically, the features of a TTR account are the same as the Flexible Income Account, with two notable exceptions.

1 No lump sum withdrawals allowed

Generally, you are not able to make lump sum withdrawals from your TTR account.

AND

2 Maximum limits apply

If you start a TTR account, the maximum limit you can withdraw in any one financial year is 10% of your account balance as at 1 July each year. This limit is set by the Government.

The maximum limit of 10% applies until you meet a condition of release, such as permanently retiring or reaching age 65. Qantas Super will ensure you do not exceed your maximum limit.

Key terms explained

Before we go into further detail, we've provided a list of key terms to help you understand the jargon.

Income stream account – is the account established with funds from your super savings, which then provides you with a regular income stream payment. Qantas Super offers two income stream accounts:

- **Division 9** – Flexible Income Account, and
- **Division 14** – Transition to Retirement Account.

Income stream payments – the regular payments you receive from your income stream account. At Qantas Super, these are paid monthly.

Lump sum payments – are withdrawals taken from your income stream account as a single one-off payment, rather than as a regular monthly income stream payment.

Preservation age – the age at which you can gain access to your preserved super benefits. The preservation age gradually increases from 55 years.

“ Supplement your income, reduce tax & boost super savings ”

ENJOY the tax advantages

A Qantas Super TTR account can provide some real tax advantages:

- No tax is payable on the investment returns your TTR account earns.
- If you are aged 60 or over your income payments will be tax free.
- If you are between 55 and 60 years of age, your income payments will be subject to income tax, but some of it may be tax-free and you will receive a 15% tax offset on what's referred to as the taxable portion.

These kinds of tax advantages can make a huge difference to your super savings in the time leading up to your retirement.

“ Ease into retirement without giving up your lifestyle ”



There may be tax savings by combining a salary sacrifice strategy with a TTR account. The benefits of this strategy are largely dependant on your income and your marginal income tax rate. Your salary sacrifice contributions are taxed at the rate of 15%. If you currently pay over 15% tax on your income you'll pay less tax by salary sacrificing. Generally, the higher your income, the more beneficial salary sacrifice can be.

Importantly, contribution caps apply which limit the amount of contributions you can make at the concessional tax rate each financial year. In considering how much to salary sacrifice into super, ensure you know your contribution caps to avoid paying additional tax. Information on contribution caps is available on our member website.

Because everyone's situation is different, we recommend that you talk to a qualified financial planner to see if you can benefit from this strategy.

Your preservation age depends on when you were born:

| When you were born | Preservation age |
|----------------------------|------------------|
| Before 1 July 1960 | 55 |
| 1 July 1960 – 30 June 1961 | 56 |
| 1 July 1961 – 30 June 1962 | 57 |
| 1 July 1962 – 30 June 1963 | 58 |
| 1 July 1963 – 30 June 1964 | 59 |
| After 30 June 1964 | 60 |

Salary sacrifice – an arrangement between you and your employer which involves you giving up a part of your before-tax salary in exchange for having the employer provide an alternative benefit, in this case super contributions. 15% contributions tax is payable on your salary sacrifice contributions.

TTR – the abbreviation for Transition to Retirement. This is a type of income stream account which allows you to partly access your super when you are approaching retirement, subject to a number of rules. At Qantas Super, the TTR account is also referred to as Division 14.

LEAVING WORK to retire

THINK Qantas Super Flexible Income

SPECIAL FEATURES

Income from your super when you permanently retire

You can make lump sum withdrawals

No maximum limits apply

A Government set annual minimum limit applies

You can choose a payment plan that exceeds the annual minimum limit



If you are about to, or have, permanently retired from the workforce after reaching your preservation age (see table on page 3), then a Qantas Super Flexible Income Account might be the right choice for you.

Please note: If you have already retired you will need to have a super account with us. You can't leave and take all your money out of your super account and then apply for a Flexible Income. You must still be a member in a Division of Qantas Super.

ENJOY being eligible

To start your Qantas Super Flexible Income Account, you must:

- Have reached your Preservation age and be fully retired, and
- Still have money in your Qantas Super super account.

“Tax-free income from your super means you can do more with your investment”



ENJOY the differences

As mentioned previously, both types of income streams are much the same, with the following exceptions that apply to the Flexible Income Account.

1 You are able to make lump sum withdrawals

However, you should bear in mind that doing so may have a detrimental impact on the life of your Flexible Income Account, as it will reduce more rapidly.

Note: If you are under age 60, tax on lump sum withdrawals may apply. Refer to our *TAX and your Qantas Super income stream* fact sheet.

2 NO maximum limits apply

Unlike the TTR account, where you can only access a maximum of 10% of your account balance each year, with a Flexible Income Account you can access as much as you like without any restrictions. (A minimum amount must still be withdrawn each year).

“ The Flexible Income Account allows you to access as much of your super as you like, provided that you withdraw the minimum amount ”

ENJOY the tax advantages ▾

A Qantas Super Flexible Income Account lets you keep your money in the super system, which means your retirement savings can continue to work for you. Receive investment returns and real tax advantages. No tax is payable on the investment returns your Flexible Income Account earns.

How much your income is taxed (if at all) depends on your age:

- **If you are 60 years of age or older** your Flexible Income payments will be tax-free and you will not be required to put any of these amounts into your tax return.
- **If you are under age 60 and reached your preservation age** (see page 3) your Flexible Income payments will have two components:
 - A **tax-free component**, and
 - A **taxable component**.

No tax is paid on the tax-free component.

You will pay income tax at your marginal rate on the taxable component, but you are entitled to a 15% tax offset on this amount.

ENJOY Centrelink/DVA entitlements ▾

If you are of age pension age you may be able to take advantage of using your Qantas Super Flexible Income to be eligible for a Centrelink or Department of Veteran Affairs (DVA) part or full pension. At the moment, men are eligible for the aged pension at 65 and women at 64. However, by 2023 the age will have increased to 67 for men and women.

The reason is the income you receive from an income account like Qantas Super's is usually treated more favourably than your salary when it comes to Centrelink/DVA income tests. This is because a portion of your income payment is considered to be a return of your super and, therefore, is not counted as income. For some people this may mean increased Centrelink/DVA benefits.

By simply tweaking your super you may be entitled to some Centrelink/DVA benefits when you least expect them.

Even a \$1 of age pension may mean you will be eligible to the concessions and discounts that come with it, like a pensioner concession card, low-income healthcare card and rebates on rates and electricity bills.

To find out if you can tweak your Qantas Super income to qualify for either a Centrelink or DVA pension, talk to a licensed financial adviser.



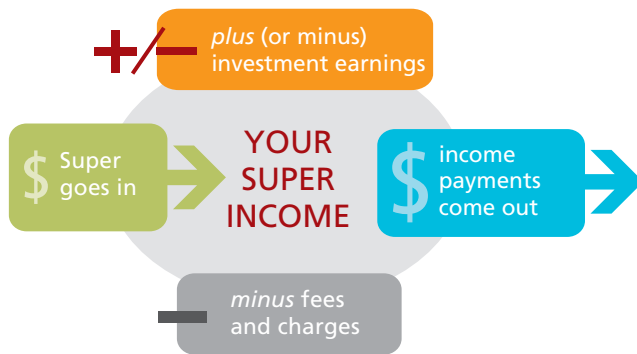
INFO that relates to both

Qantas Super Transition to Retirement and Flexible Income

Your Income account ▴

How does it work?

A Qantas Super income account is a natural extension of your Qantas Super super account. Money you have saved in super is transferred into your TTR or Flexible Income Account and invested. Your account will increase (or decrease) with investment earnings, and some money will be deducted to pay fees and charges. At the same time money is drawn out as regular monthly payments. If you have a Flexible Income Account you can also withdraw lump sums if you need to.



Getting started ▴

To get started, all you need is an initial transfer, from your Qantas Super super account, of **\$50,000 or more**. You cannot use money from other funds to start a TTR or Flexible Income Account. However, if you have super money elsewhere you can roll it into your Qantas Super super account before transferring your initial investment amount.

Topping-up ▴

Once you start receiving income payments, you cannot make further deposits, transfers, contributions or rollovers to it. However, if you have \$20,000 or more in your super account to invest, you will be able to open another income account. It's not unusual to have several accounts running side by side which will all form part of your total retirement income investment.

Again, if you have money elsewhere, you can roll it into your Qantas Super super account and wait for it to clear, before transferring any money to your income account.

Payments and payment frequency ▴

You can start to receive payments from your TTR Account or your Flexible Income Account the month after your account has been set up.

Payments will be deposited **monthly** into your nominated bank account, building society or credit union account on the 28th of the month. Payments will continue to be made for as long as funds remain in your income account.

Remember, how long your income stream lasts depends on how much money you invest in the first place, the regularity and amount of your payments and how often you make lump sum withdrawals (if allowed). Fees and investment earnings will also impact your income account.

Minimum drawdown amount ▴

The Federal Government has set annual minimum limits, which is the minimum amount you must withdraw in any one financial year from your Qantas Super income stream account, and it is based on your age (see table below). You can exceed this lower limit if you want to (but remember that the TTR account has a maximum limit of 10% of your account balance as at 1 July each year).

| Age | Percentage of account balance | 25% reduction in drawdown amount until 30 June 2013 |
|------------|-------------------------------|---|
| 55 – 64 | 4% | 3% |
| 65 – 74 | 5% | 3.75% |
| 75 – 79 | 6% | 4.50% |
| 80 – 84 | 7% | 5.25% |
| 85 – 89 | 9% | 6.75% |
| 90 – 94 | 11% | 8.25% |
| 95 or over | 14% | 10.5% |



Please note

The Federal Government has extended its drawdown relief for members investing in income stream accounts until 30 June 2013. The drawdown relief will be in the form of a **25 percent reduction in the minimum drawdown amounts**.

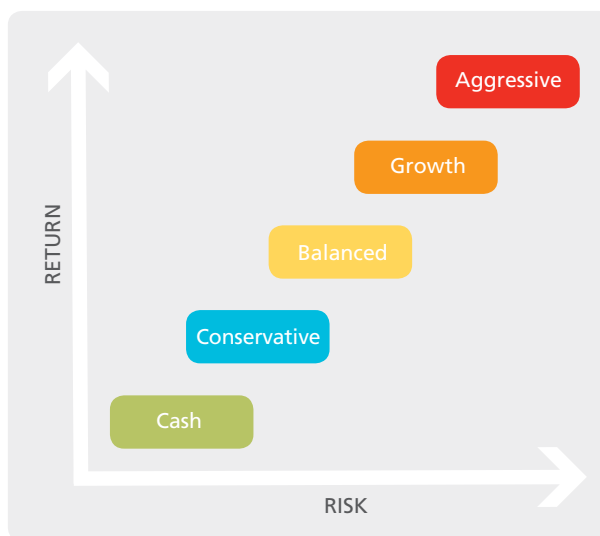
For example, a 55 year-old only needs to withdraw 3 percent for this financial year, and a 65 year-old need only draw down 3.75 percent.

Your investment choices ▶

With both income accounts you can choose to invest in an option that delivers the potential for higher returns, greater relative security or a mix or both – whatever suits your investment objectives, time-frame and tolerance for risk.

The investment options are exactly the same as the options you are used to with your super account, which means you are familiar with them. You can choose to invest in one of the five options shown at right.

And, you can invest your income account differently to your super account. The choice is yours!



Fees ▶

Our fees are competitive. Compare and see for yourself.

Qantas Super **DOES NOT** charge a fee to start your income account, nor does it charge you a fee when you withdraw, terminate or change your investment option. The only fees that apply are these:

| Fee | Amount | | How and when paid |
|--|---|---|--|
| Administration fee – for managing your account. | Average account balance | Administration fee (% of account balance) | This fee is deducted from your income account on 30 June each year, and on exit if you close your account during the year. |
| | Up to first \$250,000 | 1.00 | |
| | Plus next \$250,000 | 0.50 | |
| | Plus next \$250,000 | 0.25 | |
| | Plus above \$750,000 | 0.15 | |
| Investment management fees – for managing Qantas Super's investments. | Between 0.10% and 0.60% depending on which investment option you choose.* | | This fee is deducted from earnings before the credited interest rate is declared. |

*See the Product Disclosure Statement that applies to your Division for more information on the fees you pay for individual investment options.







GETTING MORE information

If you would like more information about any of the topics covered in this brochure, please read the Product Disclosure Statement for Divisions 9 and 14 and the *Transition to Retirement* and *TAX and your Qantas Super income stream* fact sheets.

For further assistance you can contact us by:



| | |
|---|--|
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“ A Qantas Super income stream is a flexible and tax-effective form of investment ”



Disclaimer: This brochure provides a general explanation of Qantas Super's Transition to Retirement and Flexible Income options. It does not take into account any member's individual financial objectives, financial situation or needs. We recommend you obtain professional advice from a licensed financial adviser prior to making any decision based on the information contained in this brochure. While all due care and diligence has been taken in the preparation of this brochure, the Trustee reserves the right to correct any errors or omissions. If there are any inconsistencies between the terms of Qantas Super trust deed and this brochure, the terms of the trust deed will prevail. Issued by Qantas Superannuation Limited (ABN 47 003 806 960 | AFSL 288330) as Trustee for the Qantas Superannuation Plan (ABN 41 272 198 829)

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