

Division 6 Transfer – Update

This is an update to the Super News published in August 2009, [click here](#) to view.

New date for change in Company Policy

The change to Company policy around superannuation will now take effect from 1 December 2009.

For members of Divisions 1, 2 and 3, transitional arrangements are in place for members who wish to transfer to Division 6 prior to 1 December 2009. During the transitional period, the Company contribution rate will continue as the current Company contribution rate used for Choice of Fund purposes.

Where a request to transfer to Division 6 is received on or after 1 December 2009, the Company contribution rate will be limited to 9% or 10% (depending on your EBA group), calculated on your Superannuation Salary or Ordinary Time Earnings (OTE) Salary (which ever is the greater) and capped at the maximum superannuation contribution base which is \$40,170 per quarter in the 2009/2010 year.

Information regarding the Company's Superannuation Policy changes is available from Qantas PeopleConnect on 1300 303 411 or the [Request to Transfer to Division 6 Transitional Arrangements Guidelines](#). Information on Division 6 is provided in the [Product Disclosure Statement](#) which you can access on the Plan's website or by calling the Plan on 1300 654 384.

Division 6 Modeller Available Soon

For members of Divisions 1, 2 and 3, a Division 6 Modeller will be available on-line by the end of October 2009. You can use the Modeller to project estimated superannuation benefits into the future assuming you have transferred to Division 6.

The Modeller is a projection tool. The projection will be based on the rules of Division 6 and the information the users enters on the Modeller. **The Modeller does not constitute financial advice. The Modeller is not intended to take the place of a licensed financial adviser who understands your objectives, financial situation and needs. The Trustee recommends that before acting on any information obtained from the Modeller, you seek financial advice from a licensed independent financial adviser.**

Frequently Asked Questions (FAQs)

1. What is my current Company contribution rate?

There is a different Company contribution rate for each person. If you would like to know the Company contribution rate applicable to you, call the Plan on 1300 654 384. The Company has provided the Plan the contribution rates for each person.

2. How was the Company contribution rate determined?

The Company contribution rate is an amount calculated by the Plan's Actuary and represents the cost to the Company of providing your benefits.

3. Will the contribution rate change?

Prior to 30 November 2009:

- If you transfer to Division 6, the contribution rate will not change while you are a member of Division 6.

Post 30 November 2009:

- If you transfer to Division 6, the contribution rate will be 9% or 10% depending on your EBA group of your Division 6 Superannuation Salary or your ordinary times earning (OTE) salary up to the maximum superannuation contribution earnings base (currently \$40,170 per quarter for 2009/2010) in accordance with the Superannuation Guarantee (Administration) Act 1992.
- If you have previously elected Choice of Fund and elect to transfer into Division 6 after 1 December 2009, your future Company contribution rate will be 9% (or 10% dependant on your EBA group) of your Superannuation Salary or OTE Salary up to the maximum superannuation contribution earnings base (currently \$40,170 per quarter for 2009/2010) in accordance with the Superannuation Guarantee (Administration) Act 1992.

- If you have previously transferred into Division 6 and elect Choice of Fund after 1 December 2009 your future Company contribution rate will be 9% (or 10% dependant on their EBA group) of your OTE Salary up to the maximum superannuation contribution earnings base (currently \$40,170 per quarter for 2009/2010) in accordance with the Superannuation Guarantee (Administration) Act 1992.
- If you remain in your current Division (1, 2 or 3), your contributions will only change once you reach your Normal Retirement Date (NRD) for superannuation purposes, for Division 1 and 2 members this is 1 July after your 55th birthday for Technical Aircrew and Flight Attendants or 60th birthday for ground staff. For Division 3 members, NRD is age 65. After reaching NRD the Company contribution will reduce to the superannuation guarantee (SG) minimum which is currently 9% of either your Superannuation salary or OTE salary whichever is greater.

4. What is Division 6?

Division 6 is the open Division of membership in the Plan for certain permanent staff as advised by the Company. Division 6 is an accumulation style superannuation arrangement where you accumulate a benefit through contributions (made by you and the Company), plus earnings (which can be positive or negative), less fees and cost.

More details on Division 6 can be found on the [Product Disclosure Statement](#) available on the website.

5. What is the Division 6 Superannuation Salary?

In Division 6 the Superannuation Salary is the greater of the Superannuation Salary (as defined in the [Trust Deed](#)) or the OTE salary.

6. What is OTE?

Ordinary time earnings are generally what employees earn for their ordinary hours of work, including:

- over-award payments
- bonuses
- commissions
- allowances.

Ordinary hours of work are the hours specified as the ordinary hours of work under the relevant award or agreement, or under the combination of such documents, that governs the employee's conditions of employment.

If the ordinary hours of work are not specified in a relevant award or agreement, the ordinary hours of work are the normal, regular, usual or customary hours worked by the employee, as determined

by all the circumstances of the case. This is not necessarily the minimum or maximum number of hours worked or required to be worked.

For Pilots some common pay components that constitute OTE salary are:

- Basic Pay
- Additional hourly pay
- Study Allowance
- Special Allowance
- Check and Training Captain Allowance

There are other components that could be included so it is important to get specific information that applies to you from your employer.

Please note OTE salary may change from pay to pay depending on the pay components that makes up your pay.

7. Is Member Investment Choice (MIC) available in Division 6?

MIC is available in Division 6. There are 5 MIC Options available.

You can select an investment option that will be applied to your entire benefit in Division 6. If you do not make a selection as a Division 6 member you will automatically be placed in the Plan's default option which is currently the Growth Option.

For further details refer to the Division 6 PDS or the investment section of the website.

8. If I transfer to Division 6, what happens with my existing benefit?

- Your existing benefit in Divisions 1, 2 or 3 will be transferred to Division 6.
- Your transferred benefit will be no less than your current withdrawal (resignation) benefit calculated pursuant to the Trust Deed.
- From the date of transfer, interest will be applied to your account(s) using the credited interest rates (CIRs) applicable to your nominated MIC option or the default option if you did not select an option.

It is important to remember that your benefit arrangements are complex and we reiterate that you should obtain your own financial advice relevant to your own financial situation.

9. When will the transfer of my benefit take place?

- Your existing benefit will be transferred to Division 6 on the 1st of the month following receipt of the Transfer to Division 6 form by the Plan.
- The transfers cannot be completed until the actual CIR is declared for the previous month. This will occur around the 8th business day of the month.
- The effective date of the transfer will be the 1st of the month.
- The change to your contributions will occur on the 1st pay date in the month.

10. Can I keep my guaranteed minimum benefits when I transfer to Division 6?

If you request to transfer to Division 6, any guaranteed benefits you have as a result of previous membership in another Division of the Plan will be taken into account in determining your initial transfer value. No guarantees will apply after your initial transfer is made to Division 6.

11. Can I retain my current level of insurance in Division 6?

Insurance offered to Division 6 members differ to your current Division.

The insurances offered in Division 6 are:

Death Cover:

- This is 18% of your final year salary multiplied by the number of years to your 65th birthday.
- Therefore your death cover will reduce each year until you reach your 65th birthday, when your death cover will be \$0.00.
- A guaranteed flat-dollar value of your total death benefit in your previous Division of membership on the date prior to transfer to Division 6 will apply.

Total and Permanent Disability (TPD):

- This is 18% of your final year salary multiplied by the number of years to your 65th birthday.
- Therefore your TPD cover will reduce each year until you reach your 65th birthday, when your death cover will be \$0.00.
- A guaranteed flat-dollar value of your total TPD benefit in your previous Division of membership on the date prior to transfer to Division 6 will apply.
- The TPD benefit is not reduced by any other insurance type payments including loss of licence payments (if you are a Pilot).

Disability:

- You will receive monthly income from the Plan equivalent to 75% of superannuation salary.
- The income is payable for up to two years.
- Offsets may apply, such as workers compensation, loss of licence payments, social security payments, any other disability income benefits.
- There is a 3 month waiting period before the income can commence.
- Members must use all annual leave and sick leave before the disability income can commence.

Insurance cover is available to age 65 for Division 6 members.

12. What fees are payable in Division 6?

- An administration fee of 0.2% of the average superannuation salary is deducted from the salary sacrifice account. The administration fee is deducted on 30 June each year or on leaving the Plan.
- The administration fee is included in the Company contribution rate as the fee was previously paid by the Company.
- There is an investment management cost which is not deducted directly from your account, but deducted from the investment returns of the MIC Options each month or via the interim CIR.
- More details on fees is available from the Division 6 PDS.

13. What are the insurance costs in Division 6?

- The insurance cost is 0.9% of the average superannuation salary and is deducted from the salary sacrifice account. The insurance costs are deducted on 30 June each year or on leaving the Plan.
- The 0.9% is included in the Company contribution rate as the fee was previously paid by the Company.

14. How are contributions made to Division 6?

As a Division 6 member, the Company increases your gross pay by the Superannuation Component (SUPER-COMP). The SUPER-COMP will show on your payslip as a credit. The SUPER-COMP is your Division 1, 2 or 3 superannuation salary multiplied by your Company contribution rate.

Members are then required to make salary sacrifice contributions to the Plan. At a minimum members are required to contribute either 9% or 10% (depending on your EBA group) of your Division 6 Superannuation Salary or OTE salary (which ever is greater) to a maximum based on the superannuation maximum contribution base which is currently \$40,170 per quarter for the 2009/2010 year.

A contribution form is available from the website to nominate the level of contributions. You can change your contributions as often as you like (within reason). No fees apply for changing your contribution amounts. Forms received will be processed in the next available pay.

The SUPER-COMP may differ from your salary sacrifice contributions. Where the salary sacrifice is lower than the SUPER-COMP the difference will be paid in the same way as gross salary and will be taxed accordingly in your pay by the Company.

15. Do I still need to make compulsory member contributions?

The compulsory member contributions applied to Divisions 1, 2 and 3 are not required in Division 6.

As mentioned in question 14, a minimum salary sacrifice (or concessional contribution) are required, concessional contributions above the minimum will depend on the individual.

Voluntary non-concessional contributions (from after-tax pay) can be made in Division 6.

16. Is there a limit on the amount of contributions I make to Division 6?

Concessional contribution and non-concessional contribution (NCC) caps do apply. Your concessional contribution cap for 2009/2010 is \$25,000 for people age less than 50 and \$50,000 for people aged 50 and over. The NCC cap for 2009/2010 is \$150,000.

Neither the Plan nor the Company monitors your contributions for compliance with the caps.

The Plan can accept contributions in excess of the caps. The Plan is not able to refund any contributions received in excess of the caps. The ATO will assess any contributions in excess of the caps and issue notices for additional tax directly to the member. There may be significant tax implications for exceeding the contribution caps.

17. How do I get my transfer form in on time?

The Trustee is unable to accept verbal instructions and can only accept a completed and signed Request to [Transfer to Division 6 form](#) (available on the website). You can either:

- Fax the form using the number in the form (02 9691 5688 so that it is received by the Plan before midnight (Australian Eastern summer time) on 30 November 2009; or
- Mail the signed and completed form to the address below so that the Trustee receives your form on or before 30 November 2009.

**QANTAS AIRWAYS LIMITED
C/- QANTAS SUPER
QANTAS CENTRE (SYDAPC/10)
203 COWARD STREET
MASCOT NSW 2020**

- Forms received on or after 1 December 2009 will be processed under the new Company Policy.